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WORLD NEWS

Scargill says
£1.4m cash
gift 'intact'

National Union of Mineworkers' president Arthur Scargill said that £1.4m donated by miners in the Soviet Union and east European countries during the 1984-85 miners' strike was still intact in bank accounts in Dublin and Vienna.

Soviet trade union leader Yuri Buzhenko has called for the return of between £3.6m and £10m which he said was collected to help their British miners during the strike. But Mr Scargill insisted he only had knowledge of a £1m (£560,000) donation from Soviet miners. Page 22; Secret funds, Page 6

Regent St bomb find

An explosive device was found outside the El Al Airlines building in London's Regent Street last night, Scotland Yard said. The device was made safe.

The IRA denied it planted a device that exploded in a litter bin in the Strand, central London, or two dummy bombs left at Bank and Blackfriars Tube stations. Page 4

Yeltsin supports change
President of the Russian parliament Boris Yeltsin threw his political weight behind the campaign for a total overhaul of the Soviet Communist Party, including a change of its name. Page 22

4,500 Albanian refugees
Diplomats in the Albanian capital Thirana said more than 4,500 people had taken refuge in embassy compounds, with conditions in the West German embassy, which has 2,500 refugees, described as "cramped." Page 2

Border to open
North Korea announced it would open its border next month in an attempt to encourage reunification with the South. Officials there described the move as a propaganda ploy which ignored the subject of broader contacts between the two countries. Page 3

Polish cabinet reshuffle
Poland's Prime Minister Tadeusz Mazowiecki replaced five ministers, including those in the key posts of defence and the interior, and warned parliament that the country faced "dangers on its peaceful path to democracy." The reshuffle has to be approved by parliament. Page 2

Prisons action
Members of the Prison Officers' Association began industrial action by refusing to accept new inmates until Monday. The move is the latest in a dispute with the Home Office over staffing. Page 5

£2m drugs haul
Eight men were questioned by customs officers following the seizure of cannabis resin worth £2m. The drugs were being brought ashore from a yacht in the Salcombe river estuary, south Devon.

Landl loses
Ivan Landl was knocked out of the Wimbledon men's title race 6-1, 7-6, 6-3 by Stefan Edberg, who will play Boris Becker in the final for the third consecutive year.

Brighton beached
Brighton is losing its popularity as a venue for weekend breaks to places like Bath, Bournemouth and Birmingham, figures from weekend break specialist Goldenrail show. But London is still the most common destination for those who want a short holiday.

BUSINESS SUMMARY

BA places
£3.8bn order
for aircraft

BRITISH AIRWAYS has placed a £3.8bn order for aircraft and engines with Boeing, US airframe manufacturer, and Rolls-Royce, UK aero-engine company. It is the largest single order BA has made. Page 22

EURUGAS: Sir Leon Brittan, EC competition commissioner, is to investigate the acquisition by the West German gas company of a 35 per cent stake in the East German gas transmission network. It is the Commission's first formal action in East Germany. Page 22

ASSOCIATED British Foods, milling and baking group, has told the Office of Fair Trading it is considering an offer for British Sugar and the other main food operations of Bristol International. Page 23 and Lex

GLOBE: The £1.1bn battle for control of the UK's biggest investment trust ended when the British Coal Pension Funds bought enough shares to take it through the 50 per cent level. Page 22 and Lex

DUNSDALE Securities: Provisional liquidators seeking to recover £17m of clients' money from the collapsed firm say their attempts to trace assets abroad are being hampered by lack of co-operation from some Swiss banks. Page 4

EQUITIES: The FT-SE 100 index rose 8.6 to close at 2,340.0, helped by a strong premium on the FT-SE futures

contract and a good opening performance from Wall Street. The index has fallen by 34.6 points since last week. London stocks, Page 13; Lex, Page 22

EMAP, UK publishing and exhibitions group, has made its first European acquisition with the purchase of the French hunting and country-side magazine Le Chasseur Français in a deal worth £17.2m. Page 8

ROVER GROUP is to shed 1,100 jobs at its Cowley, Oxfordshire, car plants. Page 4

A.C. GOODE, wholly-owned stockbroking subsidiary of National Australia Bank, closed yesterday after the bank failed to find a buyer for the firm. Page 10

ROCKWOOD Holdings' bankers have appointed administrative receivers at the troubled USM freight and distribution company after attempts to reduce the group's borrowings failed. Page 6

BNC, sixth largest bank in West Germany, plans to cut more than a third of its workforce of 7,360 as part of a strategic review. Page 10

COURTNEY Pope (Holdings), UK shop-fitting, engineering and electrical group, warned that it made a pre-tax loss of about £2m last year. Its shares fell 25p to 69p. Page 8

FULLER, Smith & Turner, London brewer, boosted annual pre-tax profits by 15 per cent to £25m. Page 8

Nato offers joint peace
declaration to Warsaw pact

By Robert Mauthner, Philip Stephens and Mark Nicholson in London and Peter Riddell in Washington

WESTERN leaders yesterday offered to forge a new relationship with the Soviet Union and eastern Europe, formally ending decades of east-west hostility and tension.

Heads of state and government of the 16-nation North Atlantic Treaty Organisation proposed signing a joint declaration with their former Warsaw Pact adversaries and to build a new European security framework based on a new era of friendship and co-operation.

A communiqué adopted at the end of a two-day conference of Nato leaders in London invited Mr Mikhail Gorbachev, the Soviet President, and other east European leaders to a future Nato meeting. This was immediately welcomed by the Soviet Union. Mr Gorbachev said the declaration was "a significant step in the right direction."

Mr Gennady Gerasimov, the Soviet Foreign Ministry spokesman, said it would strengthen Mr Gorbachev in his debate with conservative political and military critics, who blame his policies for leading to the collapse of communism and Soviet influence in eastern Europe.

"Now we can say we will have co-operation with Nato and not confrontation," Mr Gerasimov said.

President George Bush yesterday described the London Declaration as heralding a significant transformation of the North Atlantic Alliance. "We view it as a historic turning point," he told a news conference. "Nato has set a new path for the future."

The administration wants to follow up on yesterday's Nato declaration with a positive statement of support for economic reform in the Soviet Union, in spite of differences of view about direct lending, opposed at present not only by the US but by Japan, Canada and Britain.

President Bush will urge other western leaders at the Houston economic summit next week to support a package of technical assistance and co-operation for the Soviet Union stopping well short of

direct economic aid. He plans to make contact with President Gorbachev after the end of the Houston meeting to brief him on the London and Houston meetings.

It was also announced that Mr Manfred Wörner, the Nato Secretary-General, had been invited to visit Moscow on July 14 — the first ever visit by the chief official of the western alliance.

Mr Wörner, who will formally convey Nato's message of goodwill contained in the London Declaration, will precede by one day Mr Helmut Kohl, the West German Chancellor, due to have talks in the Soviet capital with Mr Gorbachev on German unification and economic aid.

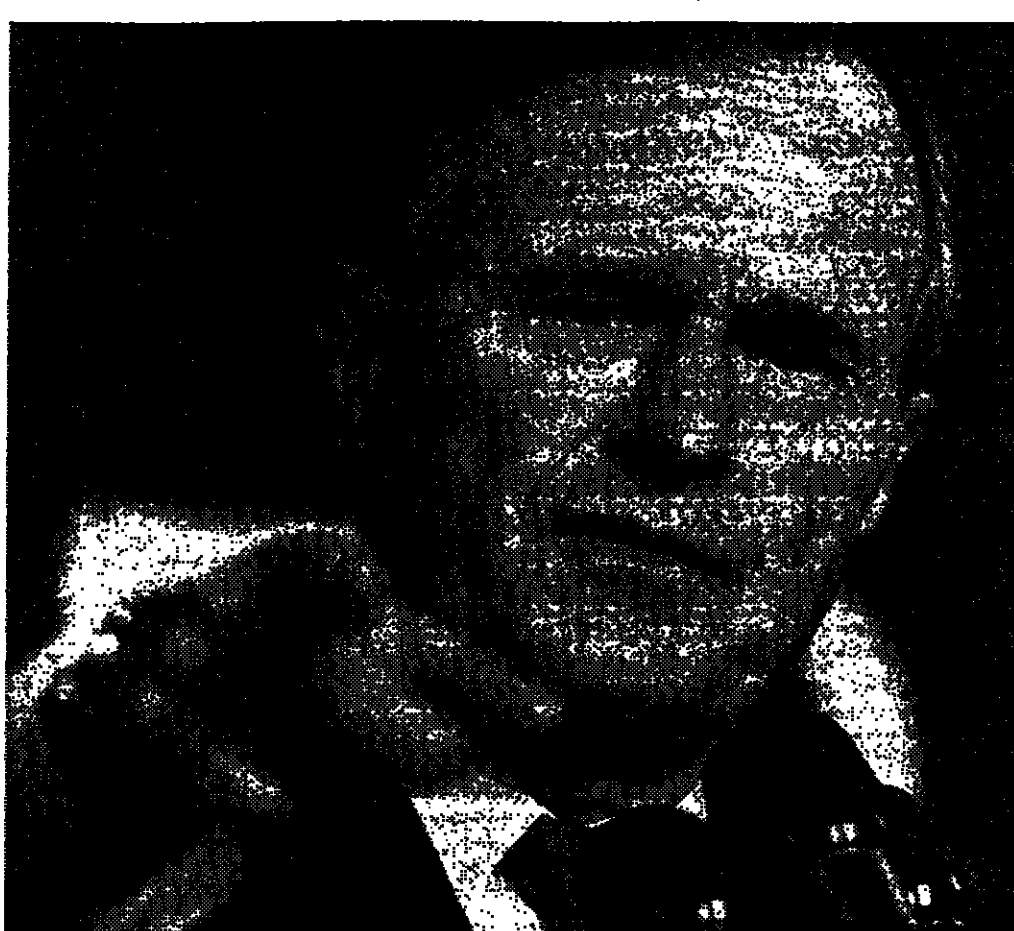
One of the main aims of the London Declaration is to convince the Soviet Union that the western alliance's attitudes and policies have been transformed sufficiently for Moscow to contemplate the a united Germany membership of Nato with equanimity.

In an unexpected move, the Nato leaders included a sentence in their declaration that a commitment would be given by Germany at the time of the signature of the conventional forces treaty currently being negotiated in Vienna concerning the troop levels of a united Germany. "This was an indispensable condition for German unification," Mr Kohl said.

The Chancellor was clearly referring to Soviet demands that a ceiling should be set to the future armed forces of a united Germany before unification took place.

Nato leaders also undertook to reformulate their policy of flexible response; create a new institutional framework for the Conference on Security and Co-operation in Europe (CSCE); withdraw nuclear artillery shells from Europe; open negotiations on short-range nuclear forces (SNF) when an agreement on conventional troops is signed; and modify Nato's "forward defence" policy.

Analysis and Comment, Page 2; Editorial Comment, Page 6; Houston Summit, Page 7



President Bush: Nato has set a new path for peace

TURNING POINTS IN 45 YEARS OF COLD WAR

1946 (March 5): Churchill's "Iron Curtain" speech in US.
1947 (March 12): Truman doctrine launched: US to oppose communism everywhere.
1948 (April 1): Soviet blockade of Berlin starts.
1949 (May 12): Blockade ends.
1949 (March 18): NATO established; Soviet Union retaliates by founding the Warsaw Pact.
1950 (June 25): Korean war.
1953 (March 5): Stalin dies.
1953 (June 17): Soviet Union crushes East German uprising.
1955 (October 26): Hungarian uprising crushed by Soviet tanks.
1959 (January 3): Cuban revolution.
1960 (May 5): Moscow shoots down American U2 spy plane.

1961 (April 15): Bay of Pigs.
1961 (August 31): Berlin Wall built.
1962 (October): Cuban missile crisis.
1964 (August 7): US marines land in Vietnam.
1968 (August 21): Soviet Union invades Czechoslovakia.
1969 (October 21): Willy Brandt launches Ostpolitik.
1972 SALT 1 missile agreement.
1975 Helsinki agreements on security and human rights.
1979 (December 27): USSR invades Afghanistan.
1985 (March 10): Gorbachev elected.
1989 Revolutions in Eastern Europe.
1989 (September 11): Berlin Wall begins to come down.

Major
warns of
strains
on ECBy Ralph Atkins
in Llandudno

MR JOHN Major, the Chancellor, gave a barbed warning yesterday about the "intolerable" strain on the European Community entailed by too swift a move towards economic and monetary union as set out in the Delors report.

His fears about the darker side of Delors — which were accompanied by a gloomy prediction about Britain's inflation rate — came as a scarcely concealed attack on the country's European partners, including France and West Germany.

Mr Major warned that stage three of the Delors plan, under which the EC would have a single currency and a single monetary policy, would not unite but divide the Community.

Speaking to the Welsh Confederation of British Industry, Mr Major sought to exploit what he sees as growing disenchantment among some European politicians about the Delors report — and to prevent the report being adopted by default.

However, his scepticism was contrasted by an enthusiastic reiteration of his plans for a hard Ecu as a European common currency. He told his audience of businessmen of the potential for reducing transaction costs and exchange risks. In spite of Mrs Margaret Thatcher's opposition to an eventual move to a single currency Mr Major said his plan was consistent with "very brisk progress indeed" if governments and people so chose.

His speech to the Welsh CBI deliberately set out the flipside of his proposals two weeks ago for a hard Ecu; the consequences of following the path set out by Delors. He emphasised that stage three would mean a single interest rate throughout the EC, in contrast to the huge range at present. Much greater convergence of economic and inflation performance were needed first.

He said that until now

Continued on Page 22

Argentina's Menem prays for
salvation by the Hand of God

By Gary Mead in Buenos Aires

PRESIDENT Carlos Menem might reflect on Bill Shankly's well-worn maxim about football this weekend as Argentina face their third World Cup final.

"Some people say that football is a matter of life and death. It isn't. It's much more important than that."

The late manager of Liverpool must have been thinking of Argentina, where football flows through the veins of 22 million citizens, and prayers to the Holy Virgin are said in honour of the demi-god Diego Maradona.

Just before the start of the current World Cup series, President Menem appointed Maradona "ambassador" — a curious status for a citizen who lives and plays outside the country, in Naples.

It turned out to be one of Mr Menem's most popular acts. By a curious twist of fate, tomorrow's final falls precisely one year after Mr Menem's presidential inauguration.

President Menem has seemed to live under a jinx

during his first year in office. He quickly lost two of his closest government colleagues: Mr Miguel Roig, Economy Minister, died after just one week in office; Mr Ruben Cardozo, Minister of Health, died soon after in a mysterious plane crash. Superstitious Argentines dislike pronouncing "Menem"; the palladium seems to be unlucky. Mr Menem's marriage is in tatters, as is his Peronist party. The only game Menem was able to attend in Italy was that in which 500-1 outsiders Cameron beat Argentina 1-0.

In today's Buenos Aires it is all too easy to believe, along with the rest of the football-obsessed nation, that Argentina's performance on Sunday will spell out the fate of the Menem presidency.

That is not so absurd as it appears. Argentina has twice before reached the World Cup finals, in 1978 and 1986. In 1978, when it hosted the tournament, Argentina was living through its blackest days, under a ruthless military dictatorship combatting an equally

murderous terrorist campaign. Argentina's ultimate victory in that championship provided a useful distraction.

In the 1986 Mexico matches, when Argentina once more won the Cup, the nation was provided with a wonderful displacement activity in which to forget its rumbling subterranean economic troubles.

The fiesta enabled a society still shocked by its defeat in the Falklands war with Britain to largely recover a badly dented national pride. President Raul Alfonsin basked in the reflected glory for two more years.

President Menem has scraped through one year of office, staying off two bursts of hyper-inflation, and bobbing uneasily on the surface of the most serious recession since 1945. If ambassador Maradona and his team return triumphant on Monday July 7, their joy could buy Mr Menem six months' breathing space. No-one cares to contemplate the alternative.

Weekend FT, Page xviii

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MARKETS

STERLING	DOLLAR	STOCK INDICES
New York lunchtime:	New York lunchtime:	FT-SE 100:
\$1.7875	DM1.8547	2,340.0 (+8.6)
London:	FF5.5525	FT Ordinary:
\$1.7865 (1.7805)	SF1.4010	1,865.0 (+6.8)
DM2.935 (2.935)	Y151.15	FT-A All-Share:
FF5.52 (2.935)	DM1.8540 (1.848)	1,154.10 (+0.3%)
SF2.5525 (2.48)	FF5.5525 (5.535)	New York lunchtime:
Y269.75 (268.5)	SF1.4015 (1.398)	DJ Ind. Av.
£ Index \$3.1 (32.7)	Y150.95 (150.75)	2,898.76 (+19.55)
GOLD	\$ Index 66.2 (66.1)	S&P Comp
New York Comex Aug	Tokyo close: 190.95	357.74 (+2.06)
\$383.5	US LUNCHTIME	Tokyo: Nikkei
London:	3-mo Treasury BtH:	32,445.12 (+93.45)
\$361.25 (360.0)	yield: 7.981%	LONDON MONEY
N SEA OIL (Argus)	yield: 8.491%	3-month Interbank:
Brent 15-day		closing 1433% (same)
\$15.95 (15.75)		Life long gilt future:
		Sep 83% (8333)
Chief price changes		
yesterday: Page 22		

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INTERNATIONAL NEWS

SA whites blamed for bus station bombing

THE African National Congress (ANC) yesterday accused white extremists of planting a bomb which injured 27 blacks at a crowded bus and taxi terminal in Johannesburg. It was the sixth explosion in the city in a week, most of them aimed at blacks or liberal whites, Patti Walsmeir reports from Johannesburg.

White pro-apartheid extremists have claimed responsibility for the five previous bombs, against liberal Johannesburg councillors, a synagogue and the radical Afrikaans weekly newspaper, *Vrye Weekblad*.

Claims of responsibility from a group calling itself the White Wolves have raised fears of an upsurge of right-wing violence in protest at reforms by the ruling National Party.

Yesterday Mr Andrew Mangan, a senior ANC member, accused white extremists of planting the bomb to disrupt talks on a post-apartheid constitution due to begin soon.

Tough Kashmir line

The Kashmir valley has been declared a "disturbed area" by Mr Girish Saxena, state governor, presaging a harsh line against Muslim secessionists, writes K.K. Sharma in Delhi.

The move empowers junior police officers to shoot people committing acts of arson and violence without reference to senior officials.

US seeks Israel talks

Mr James Baker, the US Secretary of State, is seeking talks with Israel's new foreign minister, Mr David Levy, in an effort to stop the deterioration in US-Israeli relations, Reuters reports from Jerusalem.

Mr Levy's aides favour a meeting but say the time and place depend on his recovery from a mild heart attack.

East Germans strike

More than 120,000 East German workers staged wildcat strikes yesterday over fears of unemployment in a new market economy, Reuters reports from East Berlin.

West Germany's IG Metall union said the latest walkouts involved metal and electrical workers in the Berlin region demanding a resumption of talks with managers of industries being privatised.

Bulgarian protests

The Bulgarian President, Mr Petar Mladenov, yesterday offered to resign after his own party newspaper sided with students demanding his departure, Reuters reports from Sofia.

Student leaders threatened a general strike from Monday. They accuse him of having wanted to suppress the pro-democracy movement last December.

Whaling ban stays

Attempts by Japan, Norway and Iceland to overturn a worldwide moratorium on commercial whaling were defeated at the annual meeting of the International Whaling Commission which ended yesterday, writes Ronald van de Krol in Amsterdam.

Doe plea rejected

The US has rejected a plea by besieged Liberian President Samuel Doe to ferry him from Monrovia to his home region in the interior, where he has 3,000 loyal troops from his Krahn tribe, AP reports.

US blast kills 14

An explosion and fire at an Atlantic Richfield (Aroclor) chemical plant in Channelview, Texas, killed at least 14, Alan Friedman reports from New York. The plant, which makes propylene oxide, a chemical used to make foam for seat cushions and bedding, has been shut down.

Brussels challenges W German drugs curbs

By Tim Dickson in Brussels

RESTRICTIONS imposed by West Germany on pharmaceutical imports from other member states have been challenged by Brussels.

The European Commission announced yesterday that it had begun a legal action before the European Court of Justice because of what it considers to be barriers to free trade.

At issue is a German law on proprietary medicines which allows visiting foreigners to import only what they need for their immediate use.

West Germany has a blanket ban on postal imports of pharmaceuticals for personal use. Following a Court ruling in March last year, Bonn said it would amend its legislation and authorise postal imports, but only in the case of products available without prescription and identical to those

US interest rates likely to hold as jobs rise slowly

By Peter Riddell, US Editor, in Washington

THE growth of employment in the US was patchy again last month, though the financial markets believed the figures were not weak enough to prompt an early cut in interest rates.

The Labour Department yesterday reported job growth at a very slow pace, with employment declining in manufacturing and construction and increases largely confined to services. Unemployment slipped slightly, though still within the range of the past two years.

Yesterday's figures confirm the pattern painted by other recent statistics of at most very sluggish growth in the US economy, but no definite evidence of a recession.

Market analysts believe the Federal Reserve will therefore remain cautious. The Fed's policy-making Open Market Committee met this week and there were unconfirmed reports yesterday that it did not back an immediate easing of monetary policy. It had, however, agreed policy guidelines permitting a shift if later economic indicators were weak. A guide to the Fed's thinking will come on

July 18 when Mr Alan Greenspan, its chairman, presents his half-yearly economic report to Congress.

The Bush administration has stepped up its public calls for an early cut in interest rates both because of concern that economic growth is much slower than hoped and because it believes the Fed is too worried about inflationary pressures.

The US unemployment rate dropped to 5.2 per cent last month from 5.3 per cent in May, while non-farm employment rose by just 40,000 to 110.78m. This follows a revised increase of 355,000 in May, more than twice the 164,000 gain initially reported.

Both the revision and the big change between May and June reflect the impact of the hiring and laying-off of workers for the US census. This boosted employment by 200,000 in May and cut the reported figure by 55,000 last month.

A slowdown in the overall growth of the labour force explains the steadiness in the overall unemployment rate despite slow growth in employment.

HK prosecutions chief jailed for corruption

By John Elliott in Hong Kong

THE FORMER head of Hong Kong's commercial crimes unit, New Zealander Warwick Reid, was yesterday jailed for eight years and told to pay HK\$12.4m to the government.

Mr Reid admitted corruption after being found in control of assets worth HK\$16.16m (£900,000) while he was able to explain the source of only HK\$3.74m.

Mr Reid has turned Queen's evidence and is passing information to corruption investigators. This is expected to lead to further prosecutions, some

linked to charges against Mr Ronald Li, former Hong Kong stock exchange chairman.

This suggests that Mr Reid, who absconded to the Philippines last Christmas while on bail, could lift the lid on suspected corruption involving leading companies and banks in the colony.

Mr Reid's lawyer said yesterday his client had implicated 13 other people and would be testifying against those involved in extortion, drug trafficking and fraud. Members of secret Triad gangs and former policemen who had fled the colony would be involved.

Already four men, including three lawyers, have been charged with bribery involving HK\$3m offered to Mr Reid.

Hong Kong's Independent Commission Against Corruption has said that two of the lawyers faced charges of having offered Mr Reid a share of an estimated HK\$15m-20m legal fees in return for his "giving assistance" to them in relation to criminal proceedings against Mr Ronald Li.

Mr Reid, 42, was the colony's

acting director of public prosecutions for a few weeks last autumn. His

conviction has embarrassed not only the colony's legal department, but the New Zealand government which had considered putting him in charge of an anti-fraud office.

In passing sentence, Sir Ti Liang Yang, the chief justice, said that Mr Reid's case "must rank as one of the worst cases of this type of offence, taking into consideration the defendant's senior position and the amount of assets involved".

Ford to build plant in Hungary

By Nicholas Denton in Budapest

THE Hungarian government yesterday cleared the way for a \$60m-70m (£34m-£39m) investment by Ford in a car components plant in Hungary.

Mr Laszlo Balazs, the government spokesman, said the venture would be granted a 10-year tax holiday. The concession has been made subject to the condition that profits are re-invested.

Production of electrical components, all for export, is to begin in 1993. But Ford will be allowed to ship cars to Hungary as soon as its Hungarian subsidiary is registered.

For the first two years Ford will be able to sell 5,000 cars. In 1989 Hungary imported about 200,000 cars in total; domestic vehicle production is exclusively of buses and lorries.

The authorities require of Ford that the company's exports from Hungary balance its imports by 1996.

The new factory, employing 200 people, will be built on the Szekesfehervar (western Hungary) premises of Videoton, the largest Hungarian electronics company, but the facility will be wholly owned by Ford.

Ford's move follows the establishment of joint ventures by both Suzuki and General Motors.

North Korea says it will open border with South

By John Ridding in Seoul

NORTH KOREA is to open its border with South Korea next month in an attempt to encourage reunification.

Pyeongyang also called on South Korea to open its side of the tense and highly-militarised border to visitors from North Korea.

The surprise announcement drew a cool and sceptical response from South Korean officials. They described it as a propaganda ploy and expressed disappointment that the proposal concerned only reunification and not broader contacts between the two countries.

Pyeongyang's Committee for the Peaceful Reunification of the Fatherland said in a broad-

cast on KCNA, the official North Korean news agency, monitored in Tokyo, that "for a successful progress of contacts and visits between the North and the South, we will open the portion [of the border] of our side at Panmunjom from August 15 1990, and hope that the South side, too, will take a corresponding measure."

The statement added that contact and travel must be allowed equally, without discrimination, to the political parties, organisations and people of all walks of life with differing ideas, ideologies and political views.

Analysts were surprised by the announcement, which they

described as a major propaganda initiative. They said that North Korea was under increasing pressure to demonstrate flexibility in its contacts with South Korea because of its acute diplomatic isolation. However, they expressed doubts about the border proposal.

The South Korean government insists that it must be the sole channel for any contacts with the communist North, with which South Korea is still technically at war. South Korea's National Security Law severely punishes any unauthorised contacts.

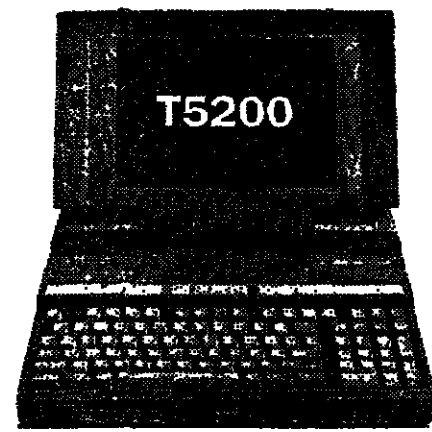
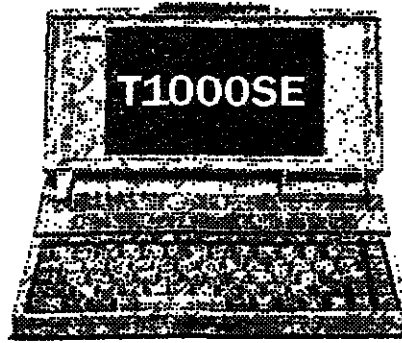
An official at South Korea's Reunification Ministry said

people wanting to visit North Korea had to have government approval. Most of those who had applied to visit North Korea had been rejected by Pyongyang but South Korea would not let individuals visit to discuss political matters.

Last year, the South Korean government mobilised a huge police force to block access to Panmunjom, which straddles the border 30 miles from Seoul, after the North invited students from the South to discuss Korean unity there.

Earlier yesterday delegates from North and South Korea met to draw up an agreement on the meeting of their prime ministers.

When asked to vote for the best portable PCs in the world, most people had the answer right in front of them.



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UK NEWS

National Power chooses Swedish-Swiss turbines

By David Thomas, Resources Editor

NATIONAL POWER, the largest electricity company heading for privatisation, yesterday chose Asea Brown Boveri, the Swedish-Swiss electrical engineering group, to supply the gas turbines for its new power station at Killingholme on Humberside.

The decision confirms that foreign equipment suppliers have so far been among the main beneficiaries of the liberalisation of the UK electricity market.

National Power yesterday awarded a contract worth \$200m-£250m for equipping and building the 650MW gas-fired station at Killingholme to a joint venture between ABB and Northern Engineering Industries of the UK.

NEI will manufacture the

steam generator and other equipment for the station, helping to secure jobs at its plants in Newcastle upon Tyne and Derby. It will also manage the construction of the station.

However, the gas turbines, accounting for more than half of the value of the contract, will be made by ABB overseas.

NEI-ABB defeated John Brown Engineering of the UK to secure the contract. GEC Alsthon, the Franco-British power equipment group, had already been eliminated from the bidding process on price grounds.

National Power's Killingholme station, which is due for completion in July 1993, will use combined-cycle gas-fired technology. This type of technology causes little environ-

mental damage and is relatively cheap.

The Central Electricity Generating Board, National Power's state-owned predecessor, did not order stations using that technology, which meant that few UK manufacturers had any experience of it. The electricity supply industry now believes that most stations ordered in the 1990s will use such technology.

NEI linked with ABB in January to gain access to the new technology when bidding for orders. PowerGen, the other generator in England and Wales heading for privatisation, has already asked Siemens of West Germany to supply the equipment for its first combined-cycle gas plant, also at Killingholme.

Exeter financial adviser held to be in default

By Eric Short

THE Investors Compensation Scheme, set up by the Securities and Investment Board, yesterday declared Denis Dale Greaves, the Exeter-based financial adviser, to be in default, thereby starting the procedures for compensating the 100 or so investors.

Denis Dale Greaves was a member of the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra), authorised to transact life and pension business and arrange contracts, but not to handle client money.

Fimbra ordered the cessation of investment business in March 1990 and obtained an injunction to enforce this order and freeze the assets. Last month, Mr Denis Dale Greaves was charged with obtaining money by deception.

● The SIB announced yesterday that it had petitioned to wind up Lovell & Co, a member of The Securities Association.

● UK & General Securities, the stockbroker suspended last month for falling below the minimum capital level required under the rules of The Securities Association, is to be reinstated.

Move to smooth out electricity price peaks

By David Thomas

THE GOVERNMENT has intervened to smooth out big variations in prices that have emerged in the first few months of the new electricity market in England and Wales.

The new market, known as the pool, sets prices by which suppliers buy electricity from generators on a half-hour basis every day.

However, unexpectedly strong peaks emerged at various times of the day, with prices often jumping by 50 per cent between one half-hour and the next.

One example among many occurred on April 23 when the pool set the price of electricity at 1.45p a unit (kilowatt-hour) at 7.30 in the evening and at 2.10p half an hour later.

Most of the peaks occurred at times of maximum demand, such as around midday, but a more unexpected peak also occurred in the early hours of the morning, corresponding to the onset of economy night storage heaters.

The Department of Energy, which oversees the new pool, has recently changed some of the underlying formulae governing it in order to smooth out the sharper peaks.

However, the pool will still be marked by some peaking in prices, which observers believe will force the area electricity companies to reconsider their arrangements for charging economy rates in the middle of the night.

The other early feature of the pool is that overall prices are considerably lower than initially forecast by the Department of Energy, partly as a result of the recent collapse in oil prices.

The area supply companies were forced to sign contracts with National Power and PowerGen, the generators in England and Wales, using prices based on the Government's forecasts.

Some people in the electricity industry say that prices are up to 15 per cent lower than forecast by the Government, although the department believes that is somewhat exaggerated.

Some electricity supply companies believe that the gap was one of the main factors allowing the generators to undercut them when the generators recently won the supply business of many large industrial customers.

THE GUINNESS TRIAL

Jury told of Ward's influence over Saunders

AN EMINENT solicitor yesterday recalled his increasing concern over the influence of Mr Tom Ward, a US lawyer and Guinness non-executive director, had on Mr Ernest Saunders about the time of Guinness's takeover of Distillers in 1986.

Sir David Napley, a former president of the Law Society, the solicitors' professional body, said Mr Saunders had had enormous regard for Mr Ward and tended to do what he suggested.

Called as a witness by Mr Saunders, Sir David described Mr Ward as a very personable man with great presence and enormously impressive.

But, he said, he had begun to question Mr Ward's judgment.

Court report by Raymond Hughes

"not so much because I thought he did anything dishonest, but because I formed the impression he was trying to run English affairs with an American slant."

His approach had been "getting... all in a hurry and pushing... doing things and getting them done."

"The American ethos of everything has to be pushed and hurried," said Sir David.

Mr Justice Henry asked if that approach had suited Mr Saunders, then Guinness chief executive.

To some extent, replied Sir David, "because Mr Saunders at that time believed everything Mr Ward said."

Mr Saunders, Mr Gerald Ronson, Heron group chairman; Mr Anthony Parnes, a City stockbroker; and Sir Jack Lyons, the millionaire financier, deny charges arising from an allegedly unlawful share support operation mounted by Guinness during the takeover.

Sir David's firm, Kingsley Napley, was one of those that acted for Guinness.

Sir David spoke of a meeting in December, 1986, at which Mr Oliver Roux, then Guinness director of finance, had told him, in the course of getting support for Guinness during the bid, its merchant bank, Morgan Grenfell, had arranged

for the Henry Ansbacher merchant bank to buy Guinness shares.

Mr Roux had said that, after the bid, Morgan Grenfell had said Ansbacher could be persuaded to delay selling the shares if Guinness deposited £7.5m interest-free with Ansbacher for a month, and that had been arranged.

Asked if he had consulted Mr Saunders about that, Mr Roux had looked "exceedingly embarrassed," Sir David said.

"Throughout this interview he was sitting perched right on the edge of his chair."

"He looked at Mr Saunders and said, 'I'm sure I would have consulted Mr Saunders on a matter of this sort.' Mr Saunders had said he had no recollection of it."

Sir David said Mr Saunders had told him the day-to-day affairs of the bid had been conducted by Mr Roux; Mr Anthony Salts, a partner in City solicitors Freshfields; Mr Roger Seelig of Morgan Grenfell; and Mr Ward.

Mr Richard Ferguson, QC, for Mr Saunders, asked Sir David about a conversation



Sir David Napley: concern over "go-getting" approach

with Mr Hugh Peppiatt, then Freshfields' senior partner.

Sir David said Mr Peppiatt had said he had never before had a case in which one of his partners had been negligent."

Sir David had told Mr Saunders about that, saying he was

entitled to know from Freshfields the areas about which they were concerned so he could take independent advice. Sir David said that, after the appointment of Department of Trade and Industry inspectors, Mr Saunders had wanted Kingsley Napley to handle the inquiry for Guinness.

Both he and other Guinness directors had expressed indignation about Freshfields.

Guinness regarded Freshfields as its solicitors, and was paying the firm very substantial sums of money to represent it and its officers, but had the impression that to some extent Freshfields was behaving "as an extra arm of the DTI inquiry."

Sir David said he had not seen how Freshfields could have control of the inquiry for Guinness.

"There were bound to be inquiries about the part their partners had played in it, and we also had this admission from Mr Peppiatt that one of his partners had been negligent," he said.

The trial continues on Monday.

Rover to cut 1,100 Cowley jobs

By John Griffiths

ROVER GROUP said yesterday that 1,100 jobs were to go at its plants in Cowley, Oxfordshire, between now and October.

The British Aerospace subsidiary told employees it hoped to achieve the reduction, which represents about 15 per cent of the 7,500-strong workforce, through voluntary measures such as early retirement.

However, the announcement is expected to generate new uncertainty about the likely long-term level of employment at Rover's Cowley complex, which is the area's largest single employer.

The complex includes two car assembly plants, North and South Works, both of which are scheduled for closure.

It has been known since 1988 that South Works, which cur-

rently makes the Montego and Maestro, will close in 1992. No replacements of those models are planned for Cowley.

Earlier this year Rover said that North Works, which assembles the 800 executive car, would also close, at a still undetermined date in the early 1990s, with production being transferred to the largest Cowley facility, a 90-acre body-manufacturing plant.

That facility, formerly Pressed Steel Fisher, is to have £130m invested in it to build an executive car range to succeed the 800.

Rover maintained at the time of the initial closure announcement that it expected a total of 2,500 jobs to be lost through the restructuring.

However, before yesterday's

announcement some 1,500 had already been lost through natural wastage and non-recruitment since the closure plans were announced. With nearly two years still to go before closure takes place, further substantial job losses are now clearly indicated.

One study of the possible outcome at Cowley was conducted last year by an independent group of Oxford academics, who concluded that up to 7,500 jobs might go. At the time, that figure was described by Rover as "inaccurate and alarmist."

Rover said last night that the current jobs cuts were to take account of reduced production against the background of the current slide in new car demand in the UK.

Brooke admits hitch on Ulster initiative

By Our Belfast Correspondent

BRITISH and Irish ministers are to meet as soon as possible to try to overcome what Mr Peter Brooke, the Northern Ireland Secretary, yesterday conceded were difficulties in his efforts to initiate inter-party talks in the province.

Mr Brooke declined to pinpoint precisely the nature of the difficulties, but it is clear that they relate to the Dublin government's demand that it should be involved early in talks on the future administration of Northern Ireland.

Unionists have made clear that the first stage of dialogue must focus on internal political structures for the province, thus involving only Ulster's constitutional parties.

Speaking in Belfast yesterday, Mr Brooke said he hoped to meet Mr Gerry Collins, Foreign Affairs Minister of the

Irish Republic, "in the reasonably near future." He said he was encouraged by a statement from Mr Charles Haughey, the Irish Prime Minister, that he felt agreement could be reached.

Mr Brooke said: "As far as the difficulties are concerned, we have had them in the past and we have been able to find accommodations which have not involved anyone compromising essential principles."

"As with the previous occasions, and the many, many, occasions which will occur in the future, I don't know which accommodation we will find. But, provided the good will exists, we will do it."

It is now clear that the two governments will have to reach a compromise before Mr Brooke's initiative can be carried forward.

London rush-hour bin bomb

THE IRA denied responsibility for the bomb that exploded just after 7am yesterday in a litter bin outside Barclays Bank in the Strand, one of central London's busiest thoroughfares, writes Jimmy Burns.

No one was hurt and damage was slight, but the incident caused chaos in rush-hour traffic as police sealed off the area and began a hunt for a man seen running away from the explosion.

One eyewitness claimed he saw a man drop a carrier bag into the bin seconds before it exploded. Two dummy bombs were later found at Bank and Blackfriars Tube stations.

By early yesterday morning the Metropolitan Police said they would not confirm who may have planted the bomb, as no organisation had claimed responsibility. A photograph of a man in his mid 40s was issued last night.

Standards seekers read between the lines

Norma Cohen reports on the lack of uniformity in testing schoolchildren for literacy

THIS fact that some children cannot read sparks outrage among parents, soul-searching among educators and finger-pointing among politicians. Yet surprisingly little is known about reading standards and whether they are getting better or worse.

A survey of children's reading skills among nine local education authorities has this week stirred up a controversy over how many children have serious reading difficulties, and how the matter might be remedied. It suggested that more seven-year-olds were having trouble reading now than five years ago.

The study, by educational psychologists and published in The Times Educational Supplement, tested 347,000 children, making it the largest survey of its kind in England since 1973. It has been treated with some scepticism because of the lack of standardised testing and because no written report has yet been produced.

Whatever its merits, it has rung alarm bells at a time of growing concern among employers and educationists about the potential economic and social costs of illiteracy and the effect on skill levels in the labour force. The Department of Education and Science says the national curriculum and standardised skills assessment tests for seven-year-olds, being introduced under the current reform of the education system in England and Wales, will tackle the issue.

Yet it is unclear what form the skills assessment tests will take and the extent to which they will provide a snapshot of the abilities of the nation's youngest readers.

At the moment, both the teaching of reading and the testing of ability differ widely from area to area and school to school. Some local education authorities distribute a standard test to their schools, and some do not. A variety of standardised tests are used around Britain, so there is little chance of parents making direct comparisons. The results of tests of the reading skills of seven-year-olds are often withheld from parents.

Croydon, one of the areas in the LEA study, is one of the few education authorities that regularly publishes aggregate statistics on its seven-year-olds and reports individual results to parents.

Mr Brian Howes, chief inspector of schools in Croydon, acknowledged that read-

ing levels of seven-year-olds in the district had declined. But he said the results had to be seen in context. For instance, a decline in measured reading skills may reflect a recent influx into Croydon's area of children speaking English as a second language.

Educational psychologists point out that the variety of tests applied in British schools usually measure only narrow tasks. They do not typically measure all reading skills.

There is also concern that the focus of testing among pupils aged 11 and 15 means that reading difficulties are not spotted early enough and the chances of catching up are low. Mr Tom Gorman, head of language research at the National Foundation for Education Research, said that by the age of nine it was impossible to offer remedial instruction without a formal programme.

In addition to the controversy over testing, debate continues about the way reading should be taught.

Some specialists believe modern teaching methods are being applied at the expense of the basics such as teaching phonics, which requires children to understand the sounds

letters make, allowing them to decipher words piecemeal. The older method is still used in schools alongside other methods brought into the system in recent decades.

The greatest controversy among educators has emerged over the "real books" approach, in which children learn to read by reading books they themselves select. Reading experts argue that although there are many benefits to that approach, some teachers fail to structure children's reading.

Mr Donald Moyle, reader in language and reading studies at Edge Hill College of Higher Education, in Liverpool, and a former general secretary of the UK Reading Association, said some teachers were "convinced" by the approach.

"All learning demands structure. Therefore, if you use a free choice of books, it is down

to the teacher to ensure that each child has the proper structure," he said.

Mr Moyle believes the fault may lie with teacher training colleges that concentrate on areas such as motivating youngsters - and quite rightly so - but which at the same time neglect the basics which are equally important.

The debate about teaching methods is largely one of emphasis, but the difficulty of testing in schools goes deeper. Britain's reluctance to test young readers is in sharp contrast to other countries. In New York City, for instance, schools are ranked annually according to the reading skills.

The lack of uniformity in testing is a source of frustration for teachers - and for parents who increasingly are demanding to be able to make informed choices about schools.

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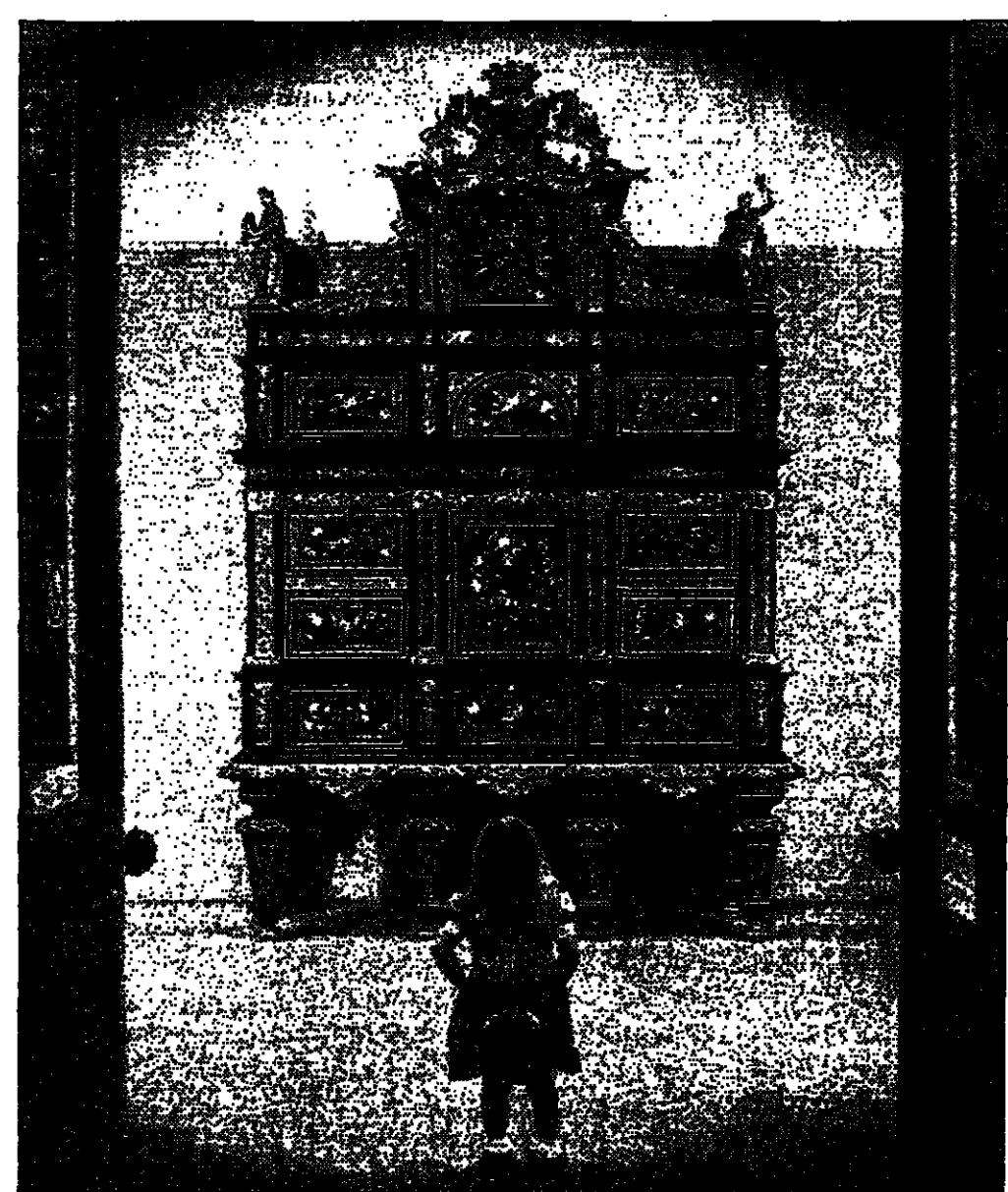
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Both the teaching of reading and the testing of ability differ widely from area to area

UK NEWS



Bernard Weatherill, speaker of the Commons, with a painting in which MPs are portrayed in relaxed mood

Wayward MPs undeterred by TV

Michael Cassell says cameras have brought rowdiness into sharp focus

TRADITION dictates that any MP entering the Commons chamber beneath the Churchill arch may ask the doorkeeper for a pink of snuff. "Think they must be sniffing something stronger, judging by their recent behaviour," one guide whispered to a party of tourists earlier this week.

Once again, as the long summer recess approaches, the behaviour of Britain's 650 elected parliamentary representatives has become an issue. It now takes on an added dimension, with the Commons about to decide on whether the television cameras, introduced last November, should be allowed to remain.

Next week's report from the Commons committee on television will recommend that they stay, a view certain to be endorsed when MPs debate the issue, most likely before the Commons rises on July 26.

In spite of the deep reservations expressed by many MPs before the cameras arrived, most now believe they have been a success; in other words, they are inclined to think that they look rather good.

This week, however, the cameras have been picking up a mixture of force and tomfoolery as MPs have pursued their own, special brand of rowdy, ill-humoured abuse.

In spite of the wide ideological gulf that separates the two main parties, the Commons continues to operate as a legislature on the basis of mutual consent. This week, that consent has at times looked perilously close to breaking down.

Mr Jack Cunningham, the shadow leader of the House, used Thursday's question time to talk of disgraceful scenes of anti-social behaviour and accused the Government of failing to create "a climate in which civilised behaviour can flourish." He was referring to the football fans running riot everywhere from Turin to Turin, but more than one MP wanted to know if his remarks referred, instead, to the antics of his colleagues.

In recent days, MPs have accused each other of being "liars" and "liars" one from bench Labour spokesman yelled a four-letter word at a minister and, when asked to retract it, repeated it. Another frontbench spokesman had to be reprimanded for bad behaviour and one threatening Labour MP was physically prevented from reaching a minister who had angered him.

On Tuesday, the Speaker was forced to complain of being bullied, before suspending the sitting in what Hansard was moved to describe as scenes of "grave disorder."

Such episodes are not, however, unique and form a consistent and colourful part of parliament's history. When one Tory MP attacked the recent, "shameful" scenes in the chamber, it fell to Mr Dennis Skinner, the MP for Bolsover, to recall "the great days" when, for instance, Mr Michael Heseltine performed his notorious mace-wielding act.

Most MPs believe the latest upsurge in unruliness has arisen primarily because the Commons has time on its hands as it contrives to stay busy until the recess. The opposition, however, has appeared genuinely aggrieved, accusing ministers of treating parliament with contempt in making important statements on controversial issues but avoiding a full debate.

Few MPs, however, believe that the presence of television has made that much difference to life at Westminster. In the heat of the moment, the cameras are invariably forgotten, although once this week the Speaker reminded MPs that their behaviour was doing "immeasurable harm" in the eyes of the viewing public.

On Thursday, one Government whip had to chide a parliamentary private secretary who had not only fallen asleep

behind his minister but, horror of horrors, in direct line with the camera.

The most obvious attempt to take advantage of the cameras has involved the growing use by MPs of the daily points of order session in order to air their grievances on television. As one senior Tory backbencher put it: "They are not interested in points of order; they want brownie points back home."

Some of the most absurd and stringent rules governing what the broadcasters can and cannot show - reminiscent of the old days in Hollywood when actors and actresses had to keep one foot on the floor during bed scenes - have already been relaxed.

Further changes are likely to be made, although not in the short term, allowing the cameras to swoop and swirl freely in order to bring the nation its daily diet of democracy in action. MPs have already shown that their behaviour is unlikely to change as a result.

According to one Tory peer, who is among the rare visitors from "the other place" to watch proceedings in the Commons and is well used to cameras in the Lords: "As we found out ages ago, the cameras are quiet, unobtrusive and cannot lie. Which is more than you can say for that lot!"

EMPLOYMENT

Council plans team bonus

By Diane Summers, Labour Staff

DARTFORD Borough Council is to scrap its performance related pay scheme for white collar workers and replace it with a team bonus system.

The scheme is believed to be the first of its kind in local government. While individual performance related pay is now common for white-collar workers, team bonuses have generally been restricted to manufacturing operations.

The move follows difficulties in establishing an equitable individual bonus system, says the Kent council.

Manual workers are not

included in the new scheme because they already have a profit-sharing bonus scheme.

Team bonuses will be up to 15 per cent of salary, but, "for that amount people would be expected to walk on water," says Mr Chris Shepherd, the chief executive. A more usual bonus will be around 5-10 per cent. Workers will continue to be appraised individually and qualify for increments in the normal way.

The bonus scheme supplements the council's own targets which are set by chief officers. Those core targets have

now been set and the team bonus scheme should be in place by autumn.

As well as backing up the overall plan, the council hopes to benefit from improved team working, says Mr Shepherd.

"Members of the team will become aware of each other's strengths and weaknesses - if one member of the team is having domestic or health problems the others are likely to rally round. But if someone is not pulling their weight then the team could go to a manager and asked for that person to be moved."

Prison officers begin limited industrial action

By Lisa Wood, Labour Staff

LIMITED industrial action by prison officers began yesterday with new inmates not being admitted until Monday.

The Home Office is not expecting major disruption as the action is over the weekend. The move, by the Prison Officers' Association, is the latest in the dispute with the Home Office over staffing.

Last month POA members voted by 10,103 to 2,446 to take industrial action after the riot at Strangeways Prison in Manchester.

Miners' backer with a penchant to annoy
George Graham meets one lonely official at the IMO in Paris

Peter Heathfield: IMO says personal loan was justified

STEEL shutters and grilles held in place by a large bicycle lock gave a deserted appearance to the headquarters of the International Miners' Organisation (IMO) in Bobigny, in the eastern suburbs of Paris.

Inside, the organisation, which is at the centre of inquiries into the misuse of funds by leaders of the UK's National Union of Mineworkers (NUM), continues to function, with a staff reduced by holidays and pregnancy to one.

"We function on a shoestring," explained the IMO's lone official, who did not wish to be identified.

The IMO dates back to 1985, the official says, from an attempt to resolve the rift between the Brussels-based Independent Confederation of Free Trade Unions, broadly representing western unions, and the World Trade Union Federation in Prague, which included mostly official unions from Communist countries as well as France's communist union, the CGT.

"It was an old idea from the end of the 1960s, to create a single miners' organisation independent from either grouping, but it was the British miners' strike that revealed the real need for this," he says.

To begin with, the driving force came from miners' unions in France, the UK, Australia and Spain, but after considerable argument the Soviet Union was persuaded to join.

Today, the official says, the IMO is made up of 43 miners' unions from 39 different countries.

Each member union must pay an annual subscription, leaving the union with a budget of between FF2m (£203,000) and FF8m a year to cover general running expenses, including the production of a regular newsletter, the supply of training material for trade union officials and the cost of running its headquarters on Avenue Pierre Sémard, named after a former secretary-general of the French Communist Party who was ousted from the post in 1926 for "passivity" and later shot by the Gestapo.

"When there is a struggle, there are various needs, moral but also material, such as the living costs of miners deprived of pay, or legal expenses. For

that, we have a subscription, and the associations pay what they can or will," he says.

The largest such subscription was for the UK's NUM, although the strike was over before the IMO was created in September 1985. More recently, the IMO contributed FF200,000 to help striking miners at Djeirada in Morocco.

The IMO official says he has no direct involvement with those funds, but that money paid into them by the Soviet mineworkers was not destined specifically for the NUM.

"It wasn't money for the British miners, but money for the international miners that could be used in Britain. To the best of my knowledge, we never saw any Libyan money."

The Soviet miners paid money into the fund, but to the best of my knowledge they never paid any directly to the NUM," he says.

He justified personal loans the fund made to Mr Arthur Scargill and Mr Peter Heathfield, president and general secretary respectively of the NUM, on the ground that it is permissible to help a militant who is devoid of resources.

"There are two ways of helping you can either give, in which case you get nothing back, or you can lend, when you can recoup the money and even interest," he says, adding that the IMO is obliged to maintain a certain imprecision in its accounts because of the dangers of being a union militant in some countries.

"When you give money to union leaders in South Africa who are risking their lives, they are not going to give you a receipt," he says, adding: "We are not going to have a firm of auditors in just to please the press."

The official concludes that the row over the NUM funds is an exercise in trade union rivalry by organisations that have always viewed the IMO as a Communist "submarine" and which hope that the collapse of the Communist regimes in eastern Europe will also lead to the collapse of the IMO.

"What I see in this affair is Scargill, who annoys a lot of people, and our organisation, which also annoys a lot of people, because it is independent and doesn't have to account to anyone," he says.

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FINANCIAL TIMES

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How to secure the peace

ANOTHER week: another summit; and another dinner. The heads of government of Nato met two days ago. Now six of those present in London are on their way to Houston where, joined by Mr Kaifu of Japan, they meet at the sixteenth summit of the Group of Seven industrial countries.

A cynic might doubt the ability of these jet-lagged politicians to do more than sign the communiqué prepared by their minions and proceed, still more exhausted, to their next venue. If not entirely misplaced, such cynicism is exaggerated. These meetings have their uses. They force civil servants to clarify disagreements that heads of governments must confront. It is only at summits, after all, that world leaders meet the people they cannot brush aside, their peers.

Such meetings are particularly important now. As occurred in Vienna in 1915, in Versailles in 1919, in a number of conferences at the end of the Second World War, the world must be re-arranged.

Re-arranging the world will demand reconstruction of its institutions. The role and functions of Nato will have to change. The security concerns of countries of east Asia, notably Japan, will have to be addressed. But, among these institutional changes, the economic summit will surely survive, even if one can now envisage a time when there will be only three participants, with the European Community the third. The cold war was a battle of economic systems, one in which the Group of Seven countries, with more than 85 per cent of OECD gross national product of among them, were the main players.

At the end of any war, there must be a settlement; at the end of an economic struggle, there must be an economic settlement. This is what the G7 countries are now called upon to provide. They must deal with the defeated, maintain co-operation among the erstwhile allies and provide hope to those who were the objects of the struggle.

Obvious parallel

As the precedents show, it can be easier to win a war than secure the peace. In this case, unfortunately, the obvious parallel is with 1919, for the Soviet Union — like the German empire — has collapsed internally rather than suffered a visible defeat. Its social and economic structure survives. Bitter internal division is far more probable than peaceful reconstruction.

It is natural, therefore, to wish to aid the Soviet Union, with Germany's interest both particularly strong and particu-

larly understandable. Yet, as the party Congress now under way in Moscow demonstrates, the conditions for successful assistance do not yet exist. The offer of western assistance might serve as an incentive for President Gorbachev to ditch his recalcitrant party, its over-ambitious provisions would be both politically and economically unprofitable in the absence of such determination.

Victorious allies

More important still is the maintenance of co-operation among erstwhile allies, with economic co-operation the heart of the matter. Nothing is more normal than for victorious allies to turn and rend one another. The agenda of the summit is replete with opportunities for such folly.

Some Americans already talk of Japan as if it were their prime enemy. Europeans are in the bunker in defence of their hugely distorting common agricultural policy; and Japan fights a rearguard action against pressures to liberalise. With the Uruguay Round bound to end, one way or the other, before next year's meeting, the G7 bear the main and inescapable responsibility for its outcome.

When contemplating the prospect, they should remember that everything they are asked to do is in the long term interest of their country, if not in their own immediate political interest. A statesman would choose the former; a politician the latter. Their choice will show which they are.

As in 1919, the collapse of the Soviet empire leaves behind enfeebled states struggling for political and economic stability. They need the freedom to trade, not least with western Europe and particularly in food products. But trade liberalisation will be equally important for the developing countries.

Relief on official debt is inescapable by now, but it must be given in a planned way that minimises the moral hazard of piling rewards upon the most incompetent. The leaders should also call for a comprehensive study of official assistance policies. Past mistakes should, indeed, be rectified; they must not be repeated.

In short, it would be grossly irresponsible for the leaders to bask in triumph. The world looks a much happier place than at the time of the first summit. It looks a far more hopeful place even than last year. But history suggests that victories have, too often, been the occasion for ruinous folly. If this error is to be avoided, the leaders must above all avoid a diet of hubris and fudge in Houston.

Victor Mallet on the growing successes of Islamic fundamentalism

Arab world's wave of religion

Western decadence is still available in Tunisia: revellers drink wine in public, taxi-drivers listen to Marvin Gaye's Sexual Healing on their cassette players, and the women are still topless on the beaches of Hammamet.

If the future bears out the worst fears of Tunisia's Government and bourgeoisie, such liberalism will not last long. Just as they were getting used to the idea of the decade-old Islamic regime in Iran — and delighting in its various failures — the ruling classes of North Africa and the Arab world in general have been forced to watch the alarming spectacle of a new wave of Islamic fundamentalist successes.

The broadly secular amalgam of socialism and nationalism which flourished in the post-colonial period, from Algeria to Egypt and from Syria to Yemen have been undermined by economic failure, while the authoritarian regimes which put such ideologies into practice have been pushed onto the defensive — and into elections — by popular discontent at home and the spread of democracy abroad.

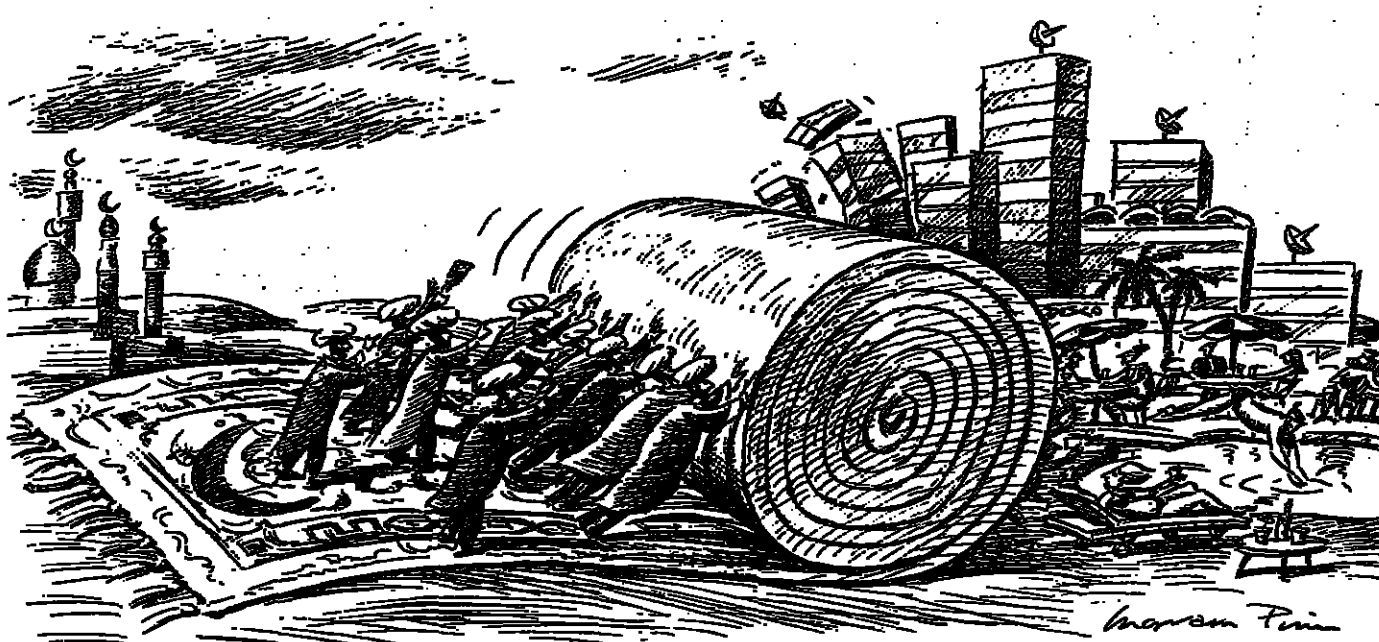
In last month's local elections in Algeria the Islamic Salvation Front (FIS) won 64 per cent of the vote, and Mr Ali Belhadj, the radical FIS preacher, had an unwelcome message for the urban elite of the Mediterranean coast. "Our goal is not the municipalities and the provinces," he said, "but the restoration of the Caliphate and the rule of the Book of God throughout the Islamic nation."

With the FIS demanding general elections, it did not take long for militant Algerian Muslims to start disrupting parties and trying to force the satellite states which allow Algerians to taste the sordid pleasures of Italian television striptease; the antennae are no longer "paraboliques" but "paraboliques".

Nor are Arab monarchies immune. In Jordan, the Moslem Brotherhood and Islamic fundamentalists became the largest single group in parliament after the country's first elections for 22 years last November; since then nightclubs have been attacked and television purged of blasphemous scenes.

In the Israeli-occupied territories, the Islamic movement Hamas has been gaining ground at the expense of the more secularist PLO. In Lebanon, the Islamic movement has been gaining ground at the expense of the more secularist PLO. In Lebanon, the Islamic movement has been gaining ground at the expense of the more secularist PLO.

The various Islamic groups thriving today, whether Sunni or Shia, draw public comfort



from each others' successes. "This movement," says Mr Ali Laridh of the Tunisian Nahdha (Renaissance) movement, "is part of the rebirth of religion in the whole Arab world."

The very word Islamic, in Arabic as well as English, now has militant overtones. "You can be born a Moslem. What makes you Islamic is something different," says Dr Chibli Mallat, lecturer in Islamic law at the School of Oriental and African Studies in London. "It denotes a political choice to have religion expand its sphere to larger and larger fields... There is an Islamic will to power."

The causes of the generalised Islamic revival of the past two decades have been well rehearsed: the Israeli victory over the Arabs in 1967; popular anger against corruption and hypocrisy in government; the inability of many Arab economies to realise their potential despite the oil wealth of the Gulf; all this leading to a widespread feeling of material and ideological failure in societies where many western values have been enthusiastically espoused by an educated minority but not necessarily absorbed by the poor.

Until recently Arab intellectuals confidently declared that Islamic fundamentalism had passed its peak after the Iranian revolution in 1979. What they could not predict was the sudden democratisation of eastern Europe, the decline of the Soviet Union as a superpower and pro-Arab counterweight to the US-Israel alliance, the anti-government riots in Algeria and Jordan, and the increase in religious feeling throughout the Arab world.

These factors have all contributed to the partial democratisation of the Middle East and the subsequent resurgence of Islamic influence. South Yemen, the only communist Arab state, was swallowed in May by the democratising — and more Islamic — North Yemen following the collapse of the Soviet empire.

The tired ruling elites in Egypt, Jordan, Algeria and Tunisia have all been forced towards democracy after years of repression by pressure from below and among opposition movements, the Islamic organisations, with their mosque-based political networks, tend to emerge the strongest.

The European nations across the water are disturbed but not yet panicked by the rise of fundamentalism in Algeria and by the implications for Morocco, Tunisia and the rest of the Arab world. Mr Belhadj may be radical and anti-French, but Mr Abassi Madani, the FIS leader, has taken a more conciliatory approach. France has reason to fear the transfer of North African political disputes into its own large immigrant community, and all Europe would be concerned about the economic implications for Algeria and its neighbours if educated elites decided to leave any future Islamic states in disgust.

The Arab opponents of fundamentalism are full of anguish. They hear Europe and the west urging them to be democratic, but they fear that free elections are opening the door to anti-democratic Islamic forces which will cling to power indefinitely with a hazy system of consultation (*shura*) on Islamic lines. Democracy, the fiery Mr Belhadj declared in Algeria, is blasphemous.

Arab leaders have only a limited political arsenal at their disposal to restrain their fundamentalist opponents. Neither President Chadli Bendjedid of Algeria nor President Zine El Abidine Ben Ali of Tunisia has quite the populist charisma of Mr Madani or Mr Rached Ghannouchi, the leaders of the respective Islamic movements which oppose them.

Repression is one method of control. It is used in Morocco and partially applied in Tunisia, where Mr Ben Ali's Government refuses to recognise the Nahdha as a party. Mr Ben Ali's supporters believe that President Chadli committed a serious tactical error by recognising a purely religious party

relationship with Islam, while the rulers of Saudi Arabia have long financed fundamentalism abroad as a kind of insurance policy against foreign criticism of their own religious credentials.

Sunni fundamentalists often lack the messianic fervour of their Shia counterparts in Iran, and are less concerned about the export of revolution, but they share the aim of applying Islamic law (*sharia*) on the basis that Islam is an all-embracing way of life, religious, political, social and economic. At a superficial level that means a ban on alcohol and interest payments, and an insistence on modest garb for women.

But the Koran and the reported acts of the Prophet Mohammed are open to such a broad range of interpretations that no two Moslem clerics are likely to agree on all the details of an Islamic government's policies, and it is hard

to be sure exactly what the various Islamic movements stand for. Mr Laridh, for example, emphasises the importance of democracy, outlines a vague economic strategy of promoting self-sufficiency, balks at the word *sharia*, and says that Nahdha in Tunisia is much less radical than the FIS next door in Algeria. His critics believe that he and his Nahdha colleagues are pretending to be moderate in order to take power.

Islamic fundamentalists like to say that the ideologies of socialism and capitalism have provided demonstrably inadequate systems of government, but the same argument is inevitably being used against the fundamentalists themselves as they take the levers of power.

The collapse of a number of Islamic finance houses in Egypt last year sullied the record of Islam as well as the reputations of the bankers concerned. In Jordan, public opinion forced the Government to rescind an "Islamic" ban on male hairdressers working in women's beauty parlours.

"Iran is an example, a pattern. We have to do the same," declares a 23-year-old activist of the underground Islamic Jihad in the Israeli-occupied Gaza Strip. It is only after having made this statement that he asks his interviewers what Iran is actually like 10 years after the revolution.

The answer, of course, is that it is far from perfect. Iran's economy is in turmoil and its clerical leaders are at loggerheads over their various interpretations of what constitutes an Islamic society or an ideal foreign policy. Much the same challenges await the Sunni fundamentalists.

Mr Madani is making a bold prescription when he says of Algeria: "The present system is sick, the doctor is the FIS, and the medicine has existed for 14 centuries — Islam."

Secret funds and a war that never finished

John Gapper says the NUM's annual conference will be tough going for the embattled union

The long agony of the National Union of Mineworkers will intensify next week as its annual conference gathers in Durham to pick over the traumas of another difficult year. It now has fewer members than the tax officers' union; it has lost its largest rights many of the 63,000 miners left behind in the haemorrhage from the industry are despondent.

The union faces financial problems from the loss of members — down from 235,000 in December 1983 to below 50,000 today. Many of its rich and independent areas have been affected heavily by pit closures — only six pits remain in South Wales from 24 before the 1984-85 strike. The union is struggling for financial survival at its centre.

Members of the union's executive believe miners will no longer resist changes in working practices or pay thrust on them by British Coal. Eventually attitudes will change, and men will start to fight and resist, but at the moment, 90 per cent could not give a damn if their pit shut down tomorrow," says Mr David Hopper, of the Durham area.

And these woes have come the inquiry carried out by Mr Gavin Lightman QC into the handling of funds before and after the strike by Mr Arthur Scargill, NUM president, and Mr Peter Heathfield, the union's secretary. It tells of secret trust funds, of two men unwilling to disclose financial dealings to their own executive, of distrust and intrigue.

Most of all, it portrays a union leadership still acting as if the strike continued. Mr Scargill and Mr Heathfield are not alone in this. "There are still a lot of people in the NUM who think the strike is still on. They cannot seem to forget," says Mr Jim Dowling, of the NUM's power group, "in every conversation, you end up talking about 1984."

The Lightman inquiry, carried out after Mr Scargill and Mr Heathfield were accused of misusing funds, is a vivid account of a war that never finished. Mr Scargill told Mr Lightman how he prepared for a "conflict with the Government which for the union was a battle for survival" in which "no holds, legal or otherwise, were barred."

But in December last year, more than three years after the NUM had escaped from receivership, the executive had still not been told about 17 secret bank accounts set up to keep funds out of the hands of sequestrators. It knew nothing of the whereabouts of about £1.4m which had been donated by Soviet and east European miners during the strike.

Mr Lightman says the £1.4m, and a further £580,000 transferred from a separate cash fund which Mr Scargill oper-



Scargill: 'no holds barred'

ated during the strike, ended up in a British trust fund whose deeds were "a sham". This fund was controlled jointly by Mr Scargill and the Paris-based International Miners Organisation.

Mr Scargill is also the president of the IMO, which Mr Lightman says has "no or no normal financial controls or audits." Mr Lightman says the IMO-controlled fund was simply "a facade and convenient receptacle for funds which were in effect at the free disposal of Mr Scargill and Mr (Alan) Simon, the IMO's general secretary."

The union's executive, which meets this weekend to consider the business of next week's conference, has taken these disclosures calmly enough. It will try to recover the Soviet funds, despite Mr Scargill's insistence that they do not belong to the NUM — but disciplinary action against the two national officials is unlikely in the short term.

One reason is loyalty to two men cleared of embezzlement by the Lightman inquiry. As important is sympathy for their stance; for the unwillingness to end a state of emergency. Bitterness and frustration runs through the executive at the union's exclusion since the strike, and the comparative influence of the rival Union of Democratic Mineworkers.

A feeling of war cannot end as long as British Coal's management is seen still to be maintaining its offensive. Even the members of the union's executive least sympathetic to Mr Scargill are contemptuous of British Coal. Mr George Rees, general secretary of the South Wales area, says the managers of private mines in the area are more trustworthy.

British Coal's offensive has cut a swathe through the industry: 98 pits have been closed since the last full year before the strike. In return, the corporation has achieved big

productivity gains. Output per man rose by 90 per cent in the four years following the strike, although last year geological and other problems cut the annual increase to 4.3 per cent.

British Coal has exploited the NUM's refusal to allow the UDM to negotiate on its behalf at pits where the union is in a minority. It has simply imposed on NUM members wage rates negotiated with the UDM alone. Separately, the portion of miners' wages earned through local productivity schemes and incentives has risen to about 30 per cent.

The corporation has its own worries over the future of domestic demand for coal. Contracts with the privatised electricity generators PowerGen and National Power will sustain enough capacity to employ 56,000 miners for the next three years. Beyond that, uncertainty about demand for high sulphur domestic coal has added to miners' lack of hope.

One of British Coal's senior managers says the NUM's exclusion "does not matter much" to the corporation any more. It would simplify matters to re-negotiate wage negotiations, but British Coal is happy enough to allow wages to drift gradually away from national arrangements as established in 1965. "It is a return to the industry's past," he says.

But it will be a contentious issue at the conference. The South Wales area and others want the NUM to get back into talks with British Coal. "I don't know how many people will accept the UDM negotiating on our behalf," says Mr Rees. "My view is that we should be sitting down in any meeting which would benefit our members."

Such talk still touches raw nerves. Mr Hopper says it will only encourage British Coal to insist that the NUM must accept the UDM's place in the industry. "We are being defeated from within the union," he says. "His view is likely to carry a majority again next week, and maintain the enmity between the two unions since the UDM was born."

The NUM's future as an independent body is tied to the other tough issue — finance. Talks with the TGWU general union over an amalgamation depend on the NUM reforming its structure and bringing its finances under control. Only when the areas' funds — estimated at up to £20m — are pulled into the centre is the merger likely to happen.

This is what the Lightman inquiry has exposed. A union which has been looking for five years for money in funds controlled by different factions; a union whose leaders have little hope of better times, whose members want to retire in their 30s and 40s; it will be another hard week in Durham.

MAN IN THE NEWS

Sir Bob Reid
Railman with a mission to deliver on time

By Richard Tomkins



Refusing to bow to disability, the young Reid developed a mania for golf. "The belief that you couldn't play the game with one hand drove me forward, and I became absolutely fanatical about it," he says. By the time he was 15, he was down to a single-figure handicap and collecting trophies at junior championships.

After a university education at St Andrews, Edinburgh, Sir Bob joined Shell UK as a management trainee. Thirty years later, he was the company's chairman and chief executive — a position he retains alongside his British Rail job pending the expiry of his Shell contract in September.

Sir Bob, 58, is characteristically modest about his ambitions. He praises the work done by his eponymous (and unrelated) predecessor, Sir Robert Reid, in turning British Rail into a more market-led railway, saying he wants to build on that foundation. "This business of running in, changing things and firing people — it's not my style."

But he clearly has his own ideas for making British Rail more commercially-oriented. One is to exploit the potential of the vast captive audience passing through its properties each day.

"To take a simple example, look at the stations down the line. At the turn of the century, railway history books tell us that these stations doubled as lending libraries. Today, what do people want to do when they are tired and on their way home? They want to pick up a video. There must be opportunities for franchising there."

"At the other end of the scale, the retailing networks at Euston, Victoria and Waterloo have started building up, but this is really only the tip of the iceberg. In Japan, people go shopping to the stations. The possibilities are enormous."

When it comes to the trains themselves, Sir Bob is fortunate in inheriting the chairmanship of British Rail at a time when investment levels are at their highest since the

slow to appreciate these improvements. Sir Bob acknowledges that 473,000 commuters a day are placing an insupportable burden on Network SouthEast's badly outdated infrastructure. High staff turnover, too, is a drawback.

Worse, from the commuter's point of view, is the fact that the Government aims to strip Network SouthEast of its subsidy over the next three years, so this is the sector facing the greatest threat of rapidly rising fares.

Sir Bob supports the termination of commuter subsidies. Around Paris, he says, once-pastoral areas have become tramways, with housing because people are not paying the true cost of their fast rail journeys into the centre. "Every time you subsidise a commuter, you re-arrange the economic priorities."

But Sir Bob is less explicit about the implication for fares. The investment going into Network SouthEast — for example, the 842 new coaches that will start arriving on the Kent lines next summer — may, he says, compensate for the economic slowdown by attracting new customers.

"As we get towards September or October we will be taking a very careful look at how far trade has recovered, what our actual costs are, what are our hopes for productivity, what we feel the new rolling stock is doing for us, and whether we are offering a package to the customers that in fact they might be prepared to pay for."

The implication of this last remark is visionary indeed, if not downright revolutionary, in suggesting that customers may one day be so delighted with British Rail that they will be happy to pay more for their tickets. But it appears to be exactly what Sir Bob means.

"The investment we are pouring into the railways is going to have a major impact on our services over the next three years," he says. "It will be startling. People don't believe this, but it will happen. You'll see."

INTERNATIONAL COMPANIES AND FINANCE

Renault offers \$98.9m to own all of Mack Trucks

By Karen Zagor in New York and Kevin Don in London

RENAULT Vehicules Industriels (RVI), the commercial vehicles subsidiary of Renault of France, is bidding \$98.9m to take full control of Mack Trucks, the troubled US truck producer, of which it holds 44.5 per cent.

It is offering to buy the outstanding stock in Mack for \$6 a share in cash.

RVI said its offer was prompted in part by concern over the deterioration of Mack's financial position and the need to restructure or renege some of Mack's debt.

Mack disclosed yesterday that it may soon default on a loan agreement concerning \$148m of secured credit from Citibank and Credit Lyonnais.

The US truck maker also forecast a net loss of about \$90m for the first half of 1990 and a net loss of about \$130m for the full year. The company does not expect to return to profitability before 1992.

Mack shares, which are traded over the counter, rose by \$1.25 to \$6.50 each fuelled by market expectations that Renault might eventually bid more than the \$6 offered yesterday.

Mack's truck financing subsidiary has extended the maturity date of a \$350m revolving credit agreement with Chemical Bank by two weeks and is trying to obtain a long-term extension of the credit.

RVI's decision to take full control of Mack could pave the way for the integration of the operations with Volvo GM Heavy Truck, the US company 76 per cent-owned by Volvo of Sweden and 24 per cent by General Motors. Renault and Volvo are forming a far-reaching alliance, including the exchange of 45 per cent stakes in their respective truck subsidiaries.

Recently RVI had to support Mack by buying \$50m worth of its convertible debentures. RVI

currently owns Mack warrants and convertible debentures that would increase its ownership to about 61.1 per cent of Mack's outstanding shares when exercised and converted.

Mack's problems have arisen partly from the overall softness of the US truck industry which has hurt all the big US makers.

Analysts expect Navistar to post a loss for the year and Paccar's earnings to drop by about 50 per cent.

In addition, Mack's large debt burden of about \$870m has contributed to its restricted financial flexibility.

Renault said its \$6 a share offer was subject to Mack receiving by July 20 waivers from lenders to Mack and its subsidiaries and an extension of the maturity of the Mack Financial Corp revolving credit facility. This would enable Mack and its subsidiaries to comply with their credit facilities to the end of the year.

Philips to sell Dutch transport activities

By Ronald van de Krol in Amsterdam

PHILIPS, the Dutch electronics group, sold yesterday that it planned to sell its transport and forwarding activities in the Netherlands to Nedlloyd, the Dutch transport concern.

The move, aimed at rationalising the flow of goods between Philips' subsidiaries and factories, follows the company's announcement late last year that it would seek out strong partners in "logistics."

The transaction, rumoured for some time, is not part of the extensive reorganisation announced by Jan Timmer, Philips' new president, this week.

In May, Philips said it was discussing selling London Carriers International, its UK distribution company, to Inter Forward of Sweden. These talks are continuing.

The talks between Philips and Nedlloyd centre on the future of the 450 people employed in Dutch distribution and on the level of distribution services to be provided.

The negotiations include the takeover of a fleet of nearly 100 trucks operated by Philips in the Netherlands. Apart from the UK and the Netherlands, Philips farms out most of its transport needs to third parties.

"With the impending disappearance of borders in Europe in 1992, strong transport concerns are emerging that can do the job at conditions with which we can't compete," Philips said.

It declined to disclose the turnover of the two activities being divested - Philips Transport Services BV and its international forwarding department.

Philips Transport Services transports goods and parts between Philips' subsidiaries and factories in the Netherlands. It does not transport products to customers, which Philips' sales organisation contracts out to other companies.

Philips' international forwarding department arranges transport between the company's Dutch and foreign subsidiaries but does not carry this out itself. Nedlloyd is expected to start handling these transport flows once existing contracts with other hauliers expire.

Nedlloyd said the acquisition of Philips' domestic transport and forwarding activities dovetailed with its strategy of providing worldwide logistical services based on transport networks and chains. Earlier this year, a Nedlloyd subsidiary, Geytenbeek, acquired Philips' Eindhoven-based special transport department.

Benetton runs true to its colours

Haig Simonian examines the strategy of the Italian clothing group

With a five year plan to more than double sales to L4,000bn (\$3.8bn) from L1,558bn last year, Mr Luciano Benetton, the managing director of the Italian clothing group best known for its brightly-coloured middle-market apparel, is the last to admit that Benetton may be running out of steam.

There have been suggestions lately that demand may be peaking and that the company's inexpensive youthful clothing is losing customer appeal.

There have been signs of strain. In February, Mr Aldo Palmieri, the financial expert brought in from the Bank of Italy eight years ago as managing director, left to join Citibank. And the group's profits performance last year was singularly unimpressive.

Benetton's net earnings, which remained static in 1989 at L130.2bn, fell by 11 per cent to L115.4bn in 1990. According to Mr Benetton, the setback was no surprise. It was "the result of a clear choice" to concentrate on sales, which pushed ahead despite a flat market in many countries.

The benefits of stressing sales should be seen this year, when both turnover and earnings are expected to climb by about 20 per cent.

Sales for the first five months are up by 30 to 40 per cent in West Germany, 30 per cent in France and 15 per cent in the UK. Even the mature Italian market is up about 15 per cent.

The challenge for Benetton now "is to develop a management team for the next 5 to 10 years," says Mr Benetton. "We can't take on big projects without talented people, so we need to become more robust."

With net borrowing of just L148bn at the end of 1989, finance is not the problem. "We think we are well organised in that sense," says Mr Benetton. Rather, the key

areas are "marketing, advertising, organisation and logistics."

The company's preoccupation is "to create a team which can build sales to L4bn in the next five years." A replacement for Mr Palmieri has been identified, although Mr Benetton cannot say when the choice will be made public.

He is confident about continuing growth potential both in western Europe and in other parts of the world. Although some expansion of Benetton's 1,000-item clothing range is possible, the improvement will not come through radical shifts into new products such as household furnishings, he says.

Rather, the plan is to continue pushing the established Benetton name by increasing its outlets and expanding both the more upmarket Sisley range and Benetton's 0-12 children's clothing wear. There

will also be greater emphasis on selling through the growing Uomo men's chain, which is being built up in response to the shift from unisex clothes-buying habits.

Despite the growth of the new line, Mr Benetton says he cannot envisage the day when Benetton Uomo will sell traditional suits. "I think that would involve the danger of

losing character," he laughs.

The bulk of Benetton's planned growth will come from opening stores alongside the 5,900 already in operation, compared with about 4,000 two years ago. They will not only be in new areas, where the group is not represented, but also form "clusters" of outlets in locations where the group is well established.

The group is now setting 150 square metres as the minimum size for new outlets - more than double the space of some

earlier units. Thus there is "no way" that the group is at saturation point yet, Mr Benetton insists.

He also holds out hopes for other parts of the world. On his list are countries such as South Korea and Mexico, which previously either restricted imports or showed economic problems, and now represent excellent opportunities. And the group is heavily present in a big market such as Indonesia.

Meanwhile eastern Europe remains largely untapped, although "no one can say when and where" sales may expand, says Mr Benetton. The group is present in Poland, East Germany, Hungary and Czechoslovakia, and it has one store in the Soviet Union.

Further ventures in Japan, where Benetton in January signed a manufacturing and retailing joint venture with a member of the Seibu-Saison group, are also in the pipeline. According to Mr Benetton, further ventures will stem from the 14 lines being produced under license, led by accessories and shoes.

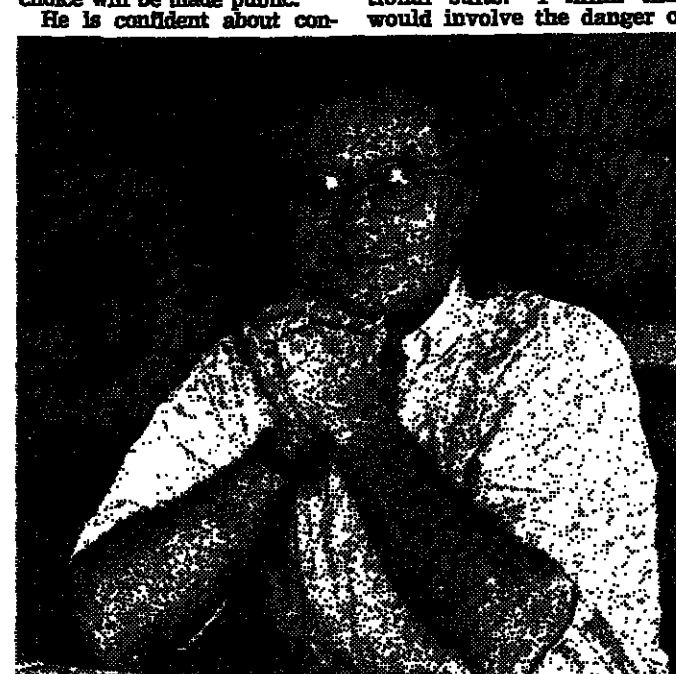
As to the stock market, Mr Benetton does not exclude the possibility of floating a further tranche of family shares, which currently represent just less than 80 per cent of the total.

However, the Benetton share price will have to climb quite substantially for that to be attractive, he suggests.

But despite recent rumours on the Milan Stock Exchange, acquisitions do not seem to be part of group strategy.

In 1987, Benetton shied away from a bid for Lanerossi, a leading Italian wool textile and yarn producer, although Lanerossi is one of its leading suppliers.

Acquiring a company in an area in which we didn't have the right degree of expertise would have been a mistake, says Mr Benetton.



Luciano Benetton: we need to become more robust

BfG plans to shed a third of staff

By Katharine Campbell in Frankfurt

BFG, THE troubled bank which is the sixth largest in West Germany, is planning to cut more than a third of its workforce as part of a wide strategic review.

The move, which would be unusual for any German bank where job security is seen as sacrosanct, will be particularly controversial given BfG's history - the bank was 100 per cent-owned by the German unions until 1987.

At a meeting today, BfG executives will detail plans to cut 2,700 jobs from a total of 7,340 and close 60 of its 340 branches, according to the Gewerkschaft Handel, Banken und Versicherungen (HBV), the bank trades union.

Mr Hans-Georg Stritter, on the board of HBV, yesterday wrote to BfG employees expressing his concern at the proposals. The union hopes to persuade the bank to reconsider.

BfG, whose 1989 results were saved from loss by property sales, has been involved in a string of controversial enterprises, ranging from the long-running scandal over the Neue Heimat construction company, to costly involvement with Co. neta, the German retailer that nearly went bankrupt last year.

Under union control, BfG has been widely criticised for being an unwieldy and poorly focused operation.

Aachener und Münchener, the German insurance company, took a 50 per cent holding in the bank in 1987, and Mr Paul Wismut was brought in as chief executive in March to modernise the bank to meet the needs of third parties.

BfG has announced the need for a capital injection of DM10m (\$600m) before the end of this year. This week, AMB announced an unusual form of rights issue with the Italian insurance group Fondiaria to fund its share of the capital increase.

Because BfG is still 49.5 per cent owned by BGAG, the trade union holding company, there is likely to be strong opposition to the proposed staff cuts.

Casino to cut payroll by 20%

By George Graham in Paris

CASINO, THE stores and fast food group which in April propelled itself into the front ranks of French retailing with the FR23m (\$540m) acquisition of the La Ruche Ménézière supermarket chain, is to reduce its workforce by more than 20 per cent in a far-reaching overhaul.

Mr Antoine Guichard, Casino's 63-year-old chairman, said the group had to improve its performance radically to keep faith with Argyl of the UK and Ahold of the Netherlands, its two partners in the European retail Alliance formed last September.

"The strategic vision is for each of us to become the strongest in its own country. Ahold

is already there, Argyl is rapidly getting there, we are doing our best to be there in 1992 or 1993," Mr Guichard said.

He outlined a four point "optimisation plan," including: • Shedding 1,440 administrative and warehouse jobs, mostly from the Agen headquarters of La Ruche.

• Renegotiating with its suppliers to save FF230m on purchasing costs this year and FF410m in 1992.

• Investing FF450m over the next three years on remodelling existing stores and building new supermarkets and hypermarkets.

• Cutting prices and refocusing advertising in an effort to shed the reputation of being

more expensive than its competitors, at the risk of lowering operating profits this year.

Mr Guichard explained yesterday that in the 1980s Casino had increased five-fold the number of supermarkets and hypermarkets it ran, but that its sales per square metre of shop space had declined and its net profit margin had dwindled from 3.46 per cent in 1980 to 2.57 per cent in 1989.

"We could have done nothing. Casino would have continued to make money," said Mr Guichard. Casino's retail operating profits are expected to drop this year by 15 per cent to FF550m, with the impact of price-cutting partially offset by the cost-cutting measures.

NAB closes stockbroking arm and looks for buyers

By Kevin Brown in Sydney

A.C. GOODE, the wholly-owned stockbroking subsidiary of National Australia Bank (NAB), closed yesterday after the bank failed to find a buyer for the firm.

The bank said that most of the 140 A.C. Goode staff in Australia, London, Tokyo and Boston would lose their jobs, although some would be retained to handle the firm's winding down.

The closure follows NAB's decision, announced in June, to focus more sharply on core banking. The bank said it would withdraw from poorly performing activities, but denied that Ord Minnett, its Sydney broker, might be shed.

attracted interest. NAB acquired A.C. Goode in the late 1980s in one of a series of acquisitions of stockbroking capacity by Australian banks.

The sector has become less attractive as turnover have fallen, and about 20 per cent of firms have closed, merged or curtailed operations.

A.C. Goode is the first stockbroker owned by one of Australia's big three banks to close. Westpac Banking said this week that it was undertaking a review after which it would withdraw from poorly performing activities, but denied that Ord Minnett, its Sydney broker, might be shed.

Allied-Lyons £55m bid for Bond lager rights in doubt

By Philip Rawstone

A £55m (\$94m) bid by Allied-Lyons, the UK brewer, for the European rights to the Australian Bond Corporation's Castlemaine and Swan lager brands appeared in the balance last night.

Bond Corporation had planned to sell the brand names before the sale of its Australian breweries later this month to Bell Resources, an associate company, for A\$185m (US\$148m).

But under revised terms for the Australian sale, announced yesterday, Bell has now agreed to acquire the brand names if Bond cannot sell them before the end of this month. A representative of Allied said yesterday that the company was still interested in buying the brands, but that recent discussions had not resulted in agreement. "But our offer is on the table."

UK brewing analysts think that Allied's acquisition of the brands could be crucial in determining whether the company remains in brewing or sells its breweries to concentrate on retailing.

Bond's sale of its breweries to Bell Resources for a revised price, it was announced yesterday, of A\$185m - is subject to a number of approvals.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week ago	Year High 1990	Low 1990
Gold per troy oz	\$381.25	+1.50	\$394.50	\$345.75
Silver per troy oz	\$273.40p	-2.20	\$282.50	\$252.50
Aluminium 50% (cash)	\$1536	-22	\$1655.0	\$1350.0
Copper Grade A (cash)	\$1534	N/C	\$1543.5	\$1304.50
Lead (cash)	\$2511	-10	\$2570	\$2210
Nickel (cash)	\$2820	-100	\$11640	\$10225
Zinc SHG (cash)	\$1747.5	-6.5	\$1895	\$1589
Tin (cash)	\$2945	-28	\$3070	\$2545
Cocoa Futures (Sep)	\$294	+28	\$304	\$254
Coffee Futures (Sep)	\$295	+16	\$300	\$257
Sugar (LDP Raw)	\$222.9	-0.4	\$232	\$204
Barley Futures (Nov)	\$114.70	-0.1	\$115.5	\$109.4
Wheat Futures (Nov)	\$116.20	-0.05	\$119.25	\$112.45
Cotton Outlook A Index	\$2.70c	+1.85	\$3.00c	\$2.70c
Wood (Oak Super)	\$470	-0.45	\$475	\$450
Oil (Brent Blend)	\$15.85c	-0.45	\$17.75	\$15.575

London Markets

SPOT MARKETS

Grade oil (per barrel FOB) + or -

Dubai \$13.40-5.50w-0.25

Brent Blend \$15.85-5.50w-0.25

WTI (1 pm est) \$16.85-5.50w-0.11

Oil products

(NVE prompt delivery per tonne CIF) + or -

Premium Gasoline \$28.50w-1

Gas Oil \$28.50w-1

Heavy Fuel Oil \$28.50w-1

Naphtha \$142-144

Producers Argus Estimates

Other + or -

Gold (per troy oz) \$381.25

Silver (per troy oz) \$273.40p

Platinum (per troy oz) \$485.25

Palladium (per troy oz) \$116.00

Aluminium (free market) \$1535

Copper (US Producer) \$273.40p

Lead (US Producer) \$2511

Nickel (free market) \$2820

Tin (Korea Lump sum) \$2945

Tin (New York) \$294

Zinc (US Prime Western) \$1747.5

Cattle (live weight) \$105.20p

Sheep (live weight) \$105.20p

Pigs (live weight) \$105.20p

London daily sugar (raw) \$222.9

London daily sugar (white) \$222.9

Tale and Life export price \$222.9

Barley (English sold) \$114.70

Maize (US No 2 yellow) \$116.20

Copra (Philippines) \$27.5

Soyabbeans (US) \$158.5

Cotton "A" Index \$2.70c

Woolprice (Wool Super) \$470

COCOA - London F&O

Close Previous High/Low

Jul 771 707 772 709

Sep 766 709 803 781

Oct 823 811 824 806

Nov 848 836 849 831

May 857 855 858 851

Jul 867 876 877 870

Turnover: 1900 (211) lots of 10 tonnes

KCO indicator price (US cents per pound) for July 5 Corp. July 5/26 (100) 10 day average for Jul 6 100/20 (100/20)

COPPER - London F&O

Close Previous High/Low

Jul 258 257 258 254

Sep 285 287 288 276

Oct 295 296 297 283

Nov 305 306 307 291

May 325 326 327 312

Jul 335 336 337 321

Turnover: 2787 (5541) lots of 5 tonnes

KCO indicator price (US cents per pound) for July 5 Corp. July 5/26 (100) 10 day average for Jul 6 100/20 (100/20)

POTATOES - Liffe

Close Previous High/Low

Nov 70.0 70.0 70.0

Apr 105.0 105.0 105.0 105.0

May 125.0 125.0 125.0 125.0

Turnover: 248 (26) lots of 40 tonnes

SOYABEAN MEAL - Liffe

Close Previous High/Low

Oct 117.0 118.0 117.0

Turnover: 10 (46) lots of 20 tonnes

FRESH POTATOES - Liffe

Close Previous High/Low

Jul 105.4 104.0 105.5 104.5

Aug 105.5 102.0 105.5 102.0

Jan 115.0 115.0 115.0 115.0

Jan 115.0 115.0 115.0 115.0

Jan 115.0 115.0 115.0 115.0

Turnover: 288 (284)

GRAIN - Liffe

Close Previous High/Low

Jul 145.0 144.0 145.0 144.0

Aug 145.0 144.0 145.0 144.0

Oct 145.0 144.0 145.0 144.0

Nov 145.0 144.0 145.0 144.0

Turnover: 828 (747) lots of 100 tonnes

LONDON BULLION EXCHANGE

Close Previous High/Low

Aluminium 90.7% purity (\$ per tonne)

Cash 1355

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and sterling stronger

THE DOLLAR had a firmer tone on the foreign exchanges as analysts tried to decipher confusing US employment data. Growth in June non-farm payrolls was expected to be in the region of 100,000, but the figure rose only 40,000. Such a weak number could be interpreted to encourage speculation about an easing of the Federal Reserve's monetary stance, but any such ideas were countered by a surprisingly large upward revision in May jobs growth to 358,000 from 164,000.

Trading in London finished on a cautious note, but in general the dollar gained ground in the belief that the figures are unlikely to lead to any early reduction in US interest rates. The dollar rose to DM1.6540 from DM1.6490; to ¥150.55 from ¥150.75; to Sfr1.4015 from Sfr1.3985; and to FF5.5525 from FF5.5350. According to the Bank of England, the dollar's index advanced to 86.2 from 86.1.

Sterling remained strong, on

expectations that London interest rates will stay firm for some time. The pound was supported by comments from Mr John Major, the UK Chancellor. He told the Welsh Conservative Party conference that controlling domestic demand is taking longer than expected. Mr Major added that "Disappointingly, we have yet to see the RPI (Retail Price Index) turn down, and I fear that it will be a while before it does so decisively." Mr Major went on to say that "I have no intention of relaxing monetary policy prematurely."

At the London close sterling had climbed 60 points to \$1.7855. It had also risen to DM2.9550 from DM2.9350; to ¥289.75 from ¥288.50; to Sfr2.5025 from Sfr2.4900; and to FF9.9200 from FF9.8500. On Bank of England figures, the pound's index rose 0.4 to 88.1.

The D-Mark was steady, but remained close to the bottom of the European Monetary Sys-

tem exchange rate mechanism. There was no reaction to a move by the West German Bundesbank to add reserves to the Frankfurt money market. Call money held steady around the 8 per cent Lombard emergency financing rate after the Bundesbank provided an extra DM8.5bn at a securities repurchase agreement tender for 5-day funds. Earlier this week the central bank drained a net DM8.5bn at a regular tender, but dealers regarded yesterday's move as a flexible response to the problems caused by German monetary union, and not a change in policy.

There was no sign of intervention by the Bank of Spain or the Bank of France as the Spanish peseta threatened to burst through its maximum limit within the EMS against the weakest placed French franc. The peseta finished at FF5.4760 per 100 in terms of the franc, only slightly below its ceiling of FF5.4785.

FINANCIAL FUTURES AND OPTIONS

LIFE LONG-DAY FUTURES OPTIONS			
Strike	Call	Put	Settlement
80	4.05	0.10	0.05
81	3.15	0.10	0.05
82	2.35	0.10	0.05
83	1.65	0.10	0.05
84	1.05	0.10	0.05
85	0.55	0.10	0.05
86	0.15	0.10	0.05
87	0.05	0.10	0.05

Estimated volume total, Call 3114 Put 1336
Previous day's open int. Call 1017 Put 1544

LIFE EUROPEAN OPTIONS			
Strike	Call	Put	Settlement
90	0.05	0.05	0.10
91	0.05	0.05	0.10
92	0.05	0.05	0.10
93	0.05	0.05	0.10
94	0.05	0.05	0.10
95	0.05	0.05	0.10
96	0.05	0.05	0.10
97	0.05	0.05	0.10

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FINANCIAL FUTURES AND OPTIONS

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Strike	Call	Put	Settlement
80	4.05	0.10	0.05
81	3.15	0.10	0.05
82	2.35	0.10	0.05
83	1.65	0.10	0.05
84	1.05	0.10	0.05
85	0.55	0.10	0.05
86	0.15	0.10	0.05
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LONDON STOCK EXCHANGE Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Service.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talliesman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 55(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. † Bargains done the previous day.

British Funds, etc

No. of bargains included 521

Guaranteed Export Finance Corp PLC

125% Gd Ln Sk 2002/Reg - £103.9

Corporation and County

Stocks No. of bargains included 6

Greater London Council 85% Sk 99/2 -

330.6

Birmingham Corp 3% Sk 194/7 (after) -

200 (24/90)

Birmingham Council 11% Sk 2012 -

234 (24/90)

Metropolitan Waterworks 10% Sk 2006 -

2107 (24/90)

Metropolitan Waterworks 10% Sk 2006 -

2107 (24/90)

Metropolitan Waterworks 10% Sk 2006 -

2107 (24/90)

Metropolitan Waterworks 10% Sk 2006 -

2107 (24/90)

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2107 (24/90)

Metropolitan Waterworks 10% Sk 2006 -

2107 (24/90)

Metropolitan Waterworks 10% Sk 2006 -

2107 (24/90)

Metropolitan Waterworks 10% Sk 2006 -

2107 (24/90)

Sterling Issues by Overseas

Borrowers

No. of bargains included 48

American Medical International Inc 85% Sk

11% Sk 2011 - 236 (24/90)

Asian Development Bank 10% Sk 2006 -

2107 (24/90)

Australian Commonwealth 13.5% Sk 2006 -

2107 (24/90)

Caixa Central de Seguros 10% Sk 2006 -

2107 (24/90)

Credit Foncier de France 10% Sk 2006 -

2107 (24/90)

14.1% Gd Ln Sk 2007/Reg - £181.6

14.1% Gd Ln Sk 2007/Reg - £181.6

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14.1% Gd Ln Sk 2007/Reg - £181.6

	July 6	July 5	July 4	July 3	July 2	Year Ago	1990 High	1990 Low	Since Completion High	Since Completion Low
Government Secs.	78.63	79.03	78.34	78.38	78.80	85.43	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/85)	49.18 (3/17/79)
Fixed Interest	87.80	88.02	88.06	88.05	88.19	96.80	82.91 (3/1)	85.80 (30/4)	108.4 (2/1/87)	50.53 (8/17/75)
Ordinary Share	1865.0	1868.2	1851.1	1894.7	1896.6	1916.6	1821.0 (3/1)	1853.0 (30/4)	2006.5 (5/9/89)	43.4 (28/6/54)
Gold Mines	180.9	191.4	193.4	191.2	182.8	206.0	378.5 (6/2)	167.9 (15/8)	734.7 (2/5/83)	43.5 (28/10/71)
FT-SE 100 Share	2340.0	2351.4	2355.6	2371.7	2372.0	2189.1	2463.7 (3/1)	2100.4 (30/4)	2453.7 (31/80)	986.9 (23/7/84)
Ord. Div. Yield	4.97	4.98	4.93	4.88	4.85	4.43	Basia 100 Govt. Secs 10/10/28, Fixed Int. 1984.			
P/E Ratio(Nett)	10.29	10.39	10.87	10.78	10.76	10.28	Ordinary 17/33, Govt. Mines 12/3/50, Basia 100/100			
SEAQ Returns & 45sec	76.263	76.049	77.517	77.923	77.923	71.321	FT-SE 100 1/1/85, 0% Nil 1/85.			

GILT EDGED ACTIVITY									
Equity Turnover (mpt)		Debt Turnover (mpt)		Debt Turnover (mpt)		Debt Turnover (mpt)		Debt Turnover (mpt)	
Open	9 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm	5 pm	6 pm
1853.4	1853.3	1855.2	1855.1	1855.2	1855.3	1855.3	1855.3	1855.3	1855.3
FT-SE, Hourly changes Open 2325.1 9 am 2326.2 11 am 2331.0 12 pm 2337.7 1 pm 2343.2 2 pm 2337.7 3 pm 2335.4 4 pm 2336.4									
Ordinary Share Index, Hourly changes Open 1883.4 9 am 1883.3 11 am 1885.2 12 pm 1885.3 1 pm 1885.3 2 pm 1885.3 3 pm 1885.3 4 pm 1885.3									
FT-SE, Hourly changes Open 2325.1 9 am 2326.2 11 am 2331.0 12 pm 2337.7 1 pm 2343.2 2 pm 2337.7 3 pm 2335.4 4 pm 2336.4									
Share index: Tel. 0898 123001.									

(HOLDINGS). Miss Sally Coryn becomes an associate director of Thos. R. Miller & Son

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	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2
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INSURANCES
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MANAGEMENT SERVICES

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Money Market Bank Accounts

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AU

NEW YORK STOCK EXCHANGE									
Symbol	July 6	July 5	July 4	July 3	July 2	July 1	June 30	June 29	June 28
IBM	125.00	124.00	123.00	122.00	121.00	120.00	119.00	118.00	117.00
GE	35.00	34.50	34.00	33.50	33.00	32.50	32.00	31.50	31.00
AT&T	45.00	44.50	44.00	43.50	43.00	42.50	42.00	41.50	41.00
Microsoft	65.00	64.00	63.00	62.00	61.00	60.00	59.00	58.00	57.00
Amazon	15.00	14.50	14.00	13.50	13.00	12.50	12.00	11.50	11.00
Apple	10.00	9.50	9.00	8.50	8.00	7.50	7.00	6.50	6.00
Google	25.00	24.50	24.00	23.50	23.00	22.50	22.00	21.50	21.00
Facebook	18.00	17.50	17.00	16.50	16.00	15.50	15.00	14.50	14.00
Twitter	12.00	11.50	11.00	10.50	10.00	9.50	9.00	8.50	8.00
LinkedIn	8.00	7.50	7.00	6.50	6.00	5.50	5.00	4.50	4.00
Slack	6.00	5.50	5.00	4.50	4.00	3.50	3.00	2.50	2.00
Zoom	4.00	3.50	3.00	2.50	2.00	1.50	1.00	0.50	0.00
Dropbox	3.00	2.50	2.00	1.50	1.00	0.50	0.00	-0.50	-1.00
Box	2.00	1.50	1.00	0.50	0.00	-0.50	-1.00	-1.50	-2.00
OneDrive	1.50	1.00	0.50	0.00	-0.50	-1.00	-1.50	-2.00	-2.50
SharePoint	1.00	0.50	0.00	-0.50	-1.00	-1.50	-2.00	-2.50	-3.00
Office 365	0.50	0.00	-0.50	-1.00	-1.50	-2.00	-2.50	-3.00	-3.50
Windows 10	0.00	-0.50	-1.00	-1.50	-2.00	-2.50	-3.00	-3.50	-4.00
Windows 8	-0.50	-1.00	-1.50	-2.00	-2.50	-3.00	-3.50	-4.00	-4.50
Windows 7	-1.00	-1.50	-2.00	-2.50	-3.00	-3.50	-4.00	-4.50	-5.00
Windows Vista	-1.50	-2.00	-2.50	-3.00	-3.50	-4.00	-4.50	-5.00	-5.50
Windows XP	-2.00	-2.50	-3.00	-3.50	-4.00	-4.50	-5.00	-5.50	-6.00
Windows 2000	-2.50	-3.00	-3.50	-4.00	-4.50	-5.00	-5.50	-6.00	-6.50
Windows 98	-3.00	-3.50	-4.00	-4.50	-5.00	-5.50	-6.00	-6.50	-7.00
Windows 95	-3.50	-4.00	-4.50	-5.00	-5.50	-6.00	-6.50	-7.00	-7.50
Windows 9x	-4.00	-4.50	-5.00	-5.50	-6.00	-6.50	-7.00	-7.50	-8.00
Windows 3.11	-4.50	-5.00	-5.50	-6.00	-6.50	-7.00	-7.50	-8.00	-8.50
Windows 3.1	-5.00	-5.50	-6.00	-6.50	-7.00	-7.50	-8.00	-8.50	-9.00
Windows 3.0	-5.50	-6.00	-6.50	-7.00	-7.50	-8.00	-8.50	-9.00	-9.50
Windows 2.11	-6.00	-6.50	-7.00	-7.50	-8.00	-8.50	-9.00	-9.50	-10.00
Windows 2.1	-6.50	-7.00	-7.50	-8.00	-8.50	-9.00	-9.50	-10.00	-10.50
Windows 2.0	-7.00	-7.50	-8.00	-8.50	-9.00	-9.50	-10.00	-10.50	-11.00
Windows 1.1	-7.50	-8.00	-8.50	-9.00	-9.50	-10.00	-10.50	-11.00	-11.50
Windows 1.0	-8.00	-8.50	-9.00	-9.50	-10.00	-10.50	-11.00	-11.50	-12.00
Windows 0.9	-8.50	-9.00	-9.50	-10.00	-10.50	-11.00	-11.50	-12.00	-12.50
Windows 0.8	-9.00	-9.50	-10.00	-10.50	-11.00	-11.50	-12.00	-12.50	-13.00
Windows 0.7	-9.50	-10.00	-10.50	-11.00	-11.50	-12.00	-12.50	-13.00	-13.50
Windows 0.6	-10.00	-10.50	-11.00	-11.50	-12.00	-12.50	-13.00	-13.50	-14.00
Windows 0.5	-10.50	-11.00	-11.50	-12.00	-12.50	-13.00	-13.50	-14.00	-14.50
Windows 0.4	-11.00	-11.50	-						

NEW YORK STOCK EXCHANGE									
Symbol	July 6	July 5	July 4	July 3	July 2	July 1	June 30	June 29	June 28
IBM	125.00	124.00	123.00	122.00	121.00	120.00	119.00	118.00	117.00
GE	35.00	34.50	34.00	33.50	33.00	32.50	32.00	31.50	31.00
AT&T	45.00	44.50	44.00	43.50	43.00	42.50	42.00	41.50	41.00
Microsoft	65.00	64.00	63.00	62.00	61.00	60.00	59.00	58.00	57.00
Amazon	15.00	14.50	14.00	13.50	13.00	12.50	12.00	11.50	11.00
Apple	10.00	9.50	9.00	8.50	8.00	7.50	7.00	6.50	6.00
Google	25.00	24.50	24.00	23.50	23.00	22.50	22.00	21.50	21.00
Facebook	18.00	17.50	17.00	16.50	16.00	15.50	15.00	14.50	14.00
Twitter	12.00	11.50	11.00	10.50	10.00	9.50	9.00	8.50	8.00
LinkedIn	8.00	7.50	7.00	6.50	6.00	5.50	5.00	4.50	4.00
Slack	6.00	5.50	5.00	4.50	4.00	3.50	3.00	2.50	2.00
Zoom	4.00	3.50	3.00	2.50	2.00	1.50	1.00	0.50	0.00
Dropbox	3.00	2.50	2.00	1.50	1.00	0.50	0.00	-0.50	-1.00
Box	2.00	1.50	1.00	0.50	0.00	-0.50	-1.00	-1.50	-2.00
OneDrive	1.50	1.00	0.50	0.00	-0.50	-1.00	-1.50	-2.00	-2.50
SharePoint	1.00	0.50	0.00	-0.50	-1.00	-1.50	-2.00	-2.50	-3.00
Office 365	0.50	0.00	-0.50	-1.00	-1.50	-2.00	-2.50	-3.00	-3.50
Windows 10	0.00	-0.50	-1.00	-1.50	-2.00	-2.50	-3.00	-3.50	-4.00
Windows 8	-0.50	-1.00	-1.50	-2.00	-2.50	-3.00	-3.50	-4.00	-4.50
Windows 7	-1.00	-1.50	-2.00	-2.50	-3.00	-3.50	-4.00	-4.50	-5.00
Windows Vista	-1.50	-2.00	-2.50	-3.00	-3.50	-4.00	-4.50	-5.00	-5.50
Windows XP	-2.00	-2.50	-3.00	-3.50	-4.00	-4.50	-5.00	-5.50	-6.00
Windows 2000	-2.50	-3.00	-3.50	-4.00	-4.50	-5.00	-5.50	-6.00	-6.50
Windows 98	-3.00	-3.50	-4.00	-4.50	-5.00	-5.50	-6.00	-6.50	-7.00
Windows 95	-3.50	-4.00	-4.50	-5.00	-5.50	-6.00	-6.50	-7.00	-7.50
Windows 9x	-4.00	-4.50	-5.00	-5.50	-6.00	-6.50	-7.00	-7.50	-8.00
Windows 3.11	-4.50	-5.00	-5.50	-6.00	-6.50	-7.00	-7.50	-8.00	-8.50
Windows 3.1	-5.00	-5.50	-6.00	-6.50	-7.00	-7.50	-8.00	-8.50	-9.00
Windows 3.0	-5.50	-6.00	-6.50	-7.00	-7.50	-8.00	-8.50	-9.00	-9.50
Windows 2.11	-6.00	-6.50	-7.00	-7.50	-8.00	-8.50	-9.00	-9.50	-10.00
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Windows 2.0	-7.00	-7.50	-8.00	-8.50	-9.00	-9.50	-10.00	-10.50	-11.00
Windows 1.1	-7.50	-8.00	-8.50	-9.00	-9.50	-10.00	-10.50	-11.00	-11.50
Windows 1.0	-8.00	-8.50	-9.00	-9.50	-10.00	-10.50	-11.00	-11.50	-12.00
Windows 0.9	-8.50	-9.00	-9.50	-10.00	-10.50	-11.00	-11.50	-12.00	-12.50
Windows 0.8	-9.00	-9.50	-10.00	-10.50	-11.00	-11.50	-12.00	-12.50	-13.00
Windows 0.7	-9.50	-10.00	-10.50	-11.00	-11.50	-12.00	-12.50	-13.00	-13.50
Windows 0.6	-10.00	-10.50	-11.00	-11.50	-12.00	-12.50	-13.00	-13.50	-14.00
Windows 0.5	-10.50	-11.00	-11.50	-12.00	-12.50	-13.00	-13.50	-14.00	-14.50
Windows 0.4	-11.00	-11.50	-						

AMERICA

Bargain-hunting helps
Dow rise in thin volume

Wall Street

BARGAIN-HUNTING after Thursday's decline helped push stocks broadly higher yesterday morning in very quiet trading, writes Karen Zagor in New York.

At 2 pm, the Dow Jones Industrial Average was quoted 17.57 higher at 2,896.78. On Thursday, the Dow fell 32.42 to 2,879.71. Advancing issues led those declining by a ratio of five to eight.

Equity prices were initially hit by an early round of selling after the release of employment data for June, which showed a smaller-than-expected increase in non-farm payrolls.

However, it turned out that the increase in May payrolls had been revised sharply upwards, to 356,000 from 164,000, and the jobsless rate showed an unexpected decline of 0.1 point to 5.3 per cent.

A number of blue chip issues posted gains, including IBM, up \$1 at \$118.5, American Telephone and Telegraph, rising \$1 to \$38.4, Merck, increasing \$1 to \$56.4, Philip Morris, gaining \$1 to \$45.4, and Coca-Cola, adding \$1 to \$44.4.

Union Carbide gained \$1 to \$19.4 after reports that analysts considered the stock price relatively cheap.

Panhandle Eastern, which has been shipping all week amid worries that the company might reduce its dividend, lost another \$2 to \$15.4 in heavy trading.

Boeing gained \$1 to \$60.4. The Seattle, Washington-based aircraft-maker expects to cut its workforce by about 2,700 during the second half of this year, bringing projected job losses for the year to 5,600 from an earlier estimate of 5,000.

Gannett dropped \$1 to \$36.4. The company expects to report its first decline in quarterly earnings in 22 years.

Arco Chemical dropped \$1 to \$38.4 after an explosion at its plant in Channelview, Texas, which killed more than 14 people.

Quantum Chemical fell \$1 to \$35.4 on reports that Goldman Sachs had lowered its earnings estimates for the company and recommended sale of the stock.

In over-the-counter trading, Mack Trucks added \$1 to \$64.4 after Renault said it would launch a \$5-a-share bid for the shares it did not already own.

Renault has a 44.5 per cent stake in Mack.

Concerns about lower-than-expected second quarter earnings continued to hit second-quarter market issues. Sun Sports-wear plunged \$2.4 to \$7.4 on expectations of a considerable decline in second quarter profits after a 12 per cent slump in sales from \$25.1m a year ago.

St Paul Bancorp fell \$1 to \$9.4 after the company reported a second quarter loss of \$1.72 a share, against income of 45 cents a share a year ago.

Canada

EARLY LOSSES were mostly recovered in Toronto by mid-session, after the US jobs figures caused some confusion in the market. The composite index fell 2.5 to 3,549.0 on volume of 8.8m shares. Declines led advances by 183 to 158.

Cominco was flat at C\$26. The United Steelworkers of America said that it had served Cominco with a 72-hour strike notice.

Among active issues, Crownx lost C\$4 to C\$5.4, Canadian Pacific rose C\$3 to C\$20.4, Laidlaw gained C\$4 to C\$37.4 and International Semi-Tech firmed C\$4 to C\$7.

WORLD STOCK MARKETS

Foreigners take initiative in New Zealand

Yet an improved economic outlook has not lured back the locals, says Dai Hayward

FOREIGN investors are driving the New Zealand share market, but only in second gear. The locals are less confident, especially the smaller investors who fled the share market after the disastrous losses in the 1987 crash and who have still not returned.

Practically all local activity is institutional. The market has been lethargic for some months, relieved only by short-lived spurts before sinking back again.

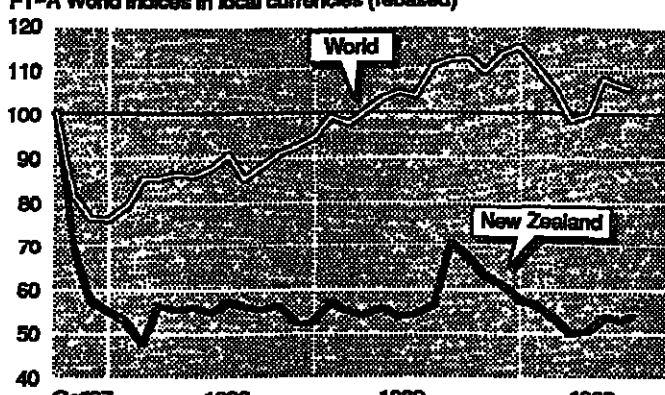
This week has seen an improvement, but falls outnumbered rises on most days of the previous fortnight, and practically all attention was concentrated on the top half-dozen leading stocks.

New Zealand fund managers have been reluctant to commit funds before the sale and public flotation of Telecom New Zealand. With the NZ\$4.25m (US\$2.5m) sale announced and the knowledge that the first of three public Telecom offers will not be made until next March, they are now expected to show a little more interest.

The Barclays index of the 40 top stocks bottomed earlier this year at 1,830, well below its high point of 3,989 in September, 1987. In the first three months of this year it seriously underperformed all leading markets in the world; in the three months to June 30 it was more stable, but only a little better than the average.

There were several moves last week which looked promising. They included the acquisition by the forestry combine, Carter Holt Harvey, of Elders

FT-A World Indices in local currencies (rebased)



Resources NZFP in what appears to be a favourable deal for Carter Holt.

However, there was little offshore interest last week, partly because the New Zealand dollar rose marginally against the Australian counterpart, and this again highlighted the influence that foreign investment now has on New Zealand markets.

In addition, most of the overseas interest and investment has come from the Asian

region, with strong representation from Taiwan. This year, Taiwan has had problems of its own; but several New Zealand brokers have been doing the rounds of Taiwan investment houses to stimulate interest in the New Zealand market and this seems to be producing some results.

Australia and the US are also making their presence felt. Japan has shown a lot of interest, but this has yet to be translated into any significant level of investment.

Foreign investors are focusing almost exclusively on the top half dozen shares - Fletcher Challenge, Brierley Investments, Robert Jones, Carter Holt, Lion Nathan, Goodman Fielder Wattle - and one or two others. These companies, with offshore subsidiaries, or diversified interests, should be able to take advantage of the expected improvement in the economy, or currency fluctuations.

Within New Zealand there is resistance on the economic front. Individual investors, remembering over-confident, exaggerated forecasts during

the boom days, distrust most economic predictions. They prefer to put their cash into bank deposits, which provide a guaranteed return of 13 or 14 per cent compared with the 4 per cent inflation rate.

However, current economic statistics include falling inflation, an improved balance of payments, the lowering of overseas debt and other optimistic trends. That may be one reason why overseas managers and institutions are taking a more positive view of New Zealand equities.

Analysts and brokers expect an increased flow of foreign investment over the next two or three weeks, in anticipation of the New Zealand budget on July 24. In New York recently, Merrill Lynch took a bullish view of the New Zealand economy and recommended buying New Zealand bonds. Other financial service organisations have pointed out that the country's bond market, offering an 8 per cent real rate of return, should attract increasing foreign attention.

EUROPE

Senior bourses move up
in late trading revival

SENIOR bourses seemed to want to go higher yesterday, although some of them waited most of the day before they made their move, writes Our Markets Staff.

FRANKFURT finished a rewarding week, after earlier fears about monetary union with East Germany, with the DAX index climbing 18.63 to 1,932.80 late in the day to show a 2.8 per cent gain over five working days. Earlier, the FAZ Managed investment rights index at 814.22 at mid-session, 2.3 per cent better on the week.

Fears of East German over-inflation and higher interest rates were allayed. The Bundesbank said yesterday that East Germans, who could have withdrawn about DM30bn in cash this week, drew out only DM15bn.

Financial stocks were again, Deutsche Bank leading its sector up with a DM9.50 rise to DM226. Alliances and Munich RE reflected the excitement about insurance company assets after the highly-priced rights issue from AMB, rising DM33 and DM60 to DM2,388 and DM2,510 respectively.

Manufacturing rights issue has had the opposite effect. The shares fell DM4 to DM244.50 yesterday after a drop of DM12 on Thursday, still trading in relatively high turnover of DM574m against DM568m on Thursday. Overall, volume fell from DM63.5bn to DM7.5bn, indicating once again that the excitement in share prices came late in the day, and the claims that the foreign investor had returned to the market were overstated.

AMSTERDAM was firmer and busier, with CSM, the sugar and food group, leading gains. CSM rose F13.70 to a year's high of F16.60; it is to buy a number of confectionery companies with well-known brand names from Douwe Egberts, Sara Lee's Dutch subsidiary.

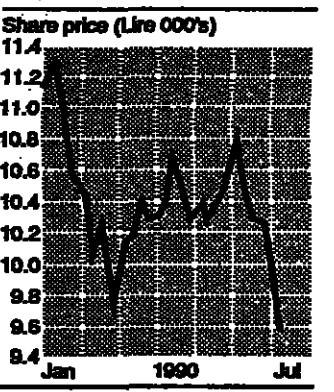
In contrast to most blue chips, Philips fell 30 cents to F130.20 after Amro, the bank, downgraded the shares; Amro said that the company's

restructuring plans, announced last Monday, were too vague. Philips said yesterday that it was in talks to sell its Dutch consumer business to Nedlloyd, the transport and shipping group. Nedlloyd rose 10 cents to F170.10.

The CBS tendency index rose 0.3 to 119.8, reducing its fall over the week to 1.4 per cent.

MILAN, depressed by profit warnings from Fiat and Olivetti, heard talk of a broker in difficulties and the Comit index dropped 9.14 to 729.49, a fall on the week of 3.2 per cent. Fiat was hit especially hard.

Flat



falling L156 to L9,595 and reaching L9,530 in late trading after its components unit, Magneti Marelli, warned analysts at a presentation in Milan that 1990 operating earnings could be halved compared with 1989's. Magneti Marelli lost L126 to L1,655.

PARIS shook off the depression of recent sessions, partly in relief at Wall Street's stronger opening. Although the CAC 40 index ended little changed at 2,001.90, up 1.92, it picked up from a low of 1,989.54 and there was an improvement in turnover to an estimated FF2.2m. The index lost 1.6 per cent in the week.

Construction and materials stocks performed well. One analyst said that the sector, protected from foreign competition, was at a strong stage of its cycle. There were also

reports that the Government would put money saved from defence budget cuts into homes, schools and roads.

Large copper, the cement producer, jumped FF21, or 4.7 per cent, to FF466 with 290,950 shares traded, and metal rose FF10 to FF365. Interest in Dumez, the building group, was more speculative; there were rumours of a raid, with Lyonaise des Baux's name mentioned; talk that the family shareholders, who own 30 per cent, were not united; and expectations that CGE could sell its 4.5 per cent stake.

Eurotunnel gained FF1.80 to FF48.30 in improved turnover. Recent selling was said to have been overdone. Casino, the supermarket group, finished FF1.50 higher at FF125.50 in active trading of 301,100 shares, after falling to FF122.00 on initial disappointment with a forecast to trade unions of lower earnings and job cuts.

ZURICH focused on banks as the Swiss consumer price index for June showed a slight slowdown in inflation, and hopes grew that interest rates had peaked. Union Bank rose SF250 to SF2,700; the mood shifted to industrial and Aluisse gained SF38 to SF718. The Credit Suisse index closed 6.4 higher at 676.3 for a rise on the week of 0.8 per cent.

STOCKHOLM declined on profit-taking. The Affarsvarlden General index lost 4.9 to 1,825.0, for a rise on the week of 1.2 per cent. About SK21m worth of shares were traded, including SK53m in Volvo B shares, which rose SK4 to SK941. Volvo is perceived as being undervalued.

Elsewhere, Ericsson rose SK18 to SK1,380 after rising earlier in the week on the strength of its order book.

MADRID saw further profit-taking after its 8 per cent rise in the 11 days to July 4. The general index eased 0.89 to 298.23, for a rise of 0.8 per cent since the previous Friday. Analysts are pinning hopes on a rise in the June inflation figure, to be announced on Thursday, of about 0.4-0.5 points.

JOHANNESBURG finished mixed in cautious trading. Gold stocks were little changed while the JSE overall index lost 9 to 3,095. De Beers lost 26 cents to R39.50 after its C\$5.5m diamond sales figures, announced late on Thursday.

Tokyo

ARBITRAGE buying wiped out the gains of the previous day, and shares closed slightly higher in lower volume, writes Martina Cannon in Tokyo.

Investors were not active buyers because of the uncertainty about the future of interest rates, fuelled by the strength of the dollar. Interest rate fears had all but vanished last week as the yen rose, but the renewed weakness of the Japanese currency caused the bond market to waver, which in turn affected equities. Investors also held back before yesterday's release of the US employment data for June.

The Nikkei average ended at 3,445.12, up 34.45 on the day. The TOPIX index rose 2.16, while the section section in Tokyo continued its rising trend, closing at a record 4,323.03, up 69.23. In London, the ISE/Nikkei 50 index fell 0.73 to 1,764.73.

In Tokyo, there was buying interest in companies issuing securities after a three-month moratorium on new issues. The suspension of new issues by leading underwriters began in March after the Tokyo market had plunged.

Daikyo, Japan's largest builder of apartment blocks, was the first company to break the ban by issuing warrant bonds worth \$300m. Its trading volume rose to 3.3m shares, and its price rose Y80 to Y4,050. Tokoku, a leading container board manufacturer which issued seven-year convertible bonds, rose Y18 to Y998. In the second section, Minra Printing, which floated six-year convertible bonds,

rose Y110 to Y2,060.

Telecommunication issues and paper and pulp stocks attracted interest. NEC rose Y30 to Y2,020, Oil Paper added Y20 to Y1,150. Nikon was up Y10 at Y1,710 and Canon, the second most heavily traded issue, added Y40 to Y1,900. Consumer electronics were mixed, with Sony rising Y80 to Y8,780 and TDK falling to Y7,730, down Y60.

Sumitomo Chemical, which announced this week that it expected its pre-tax profits to level off in the year to December 1991, lost Y9 to Y61.

In the Osaka market, trading remained brisk, with volume rising to 64m shares from Thursday's 56m. The OSE average fell 62.61 to 35,897.12.

Roundup

THE ONLY significant winner among Asia Pacific markets yesterday was Taiwan which, nevertheless, remains 62.4 per cent lower since it reached a

record high in February.

TAIWAN bounced back after a four-day decline, with the weighted index ending at 4,656.20, up 165.65 points, or 3.7 per cent, above Thursday's close, which had been its lowest level for more than two years. The index dropped 9 per cent on the week. The banking sector led yesterday's recovery, and turnover grew to T\$41.6m from Thursday's T\$39.9m.

There was speculation that foreign investors would soon be allowed to invest directly in Taipei. The Securities and Exchange Commission also said that it was considering moves to encourage local institutions to hold stocks.

AUSTRALIA weakened slightly on profit-taking and in response to Wall Street's overnight fall. The All Ordinaries index fell 3.5 on the day to 1,554.2, but rose 3.6 per cent on the week. Turnover was A\$217m, up from A\$143m.

NEW ZEALAND's Barclays index chalked up a weekly rise

of 2.2 per cent, and a gain of 2.55 points to 1,800.24 on the day, mostly on buying associated with a sharp fall in the New Zealand dollar against the Australian dollar.

HONG KONG ended mixed on the day, the Hang Seng index closing 1.17 higher at 3,367.61 as buyers reversed early sharp losses triggered by Wall Street's steep fall overnight; but it had a very positive week, scoring three post-1987 crash highs, and a 2.2 per cent gain on balance.

Turnover rose from HK\$1.65bn to HK\$1.82bn. BANGKOK saw profit-taking in banking shares, with some falling by the 10 per cent daily limit. This pulled the SET index down 20.05 to 1,050.13, a fall of 1 per cent over the week. However, the index is still 39 per cent up on its low for this year, and Thailand's central bank said late yesterday that the economy would post real double-digit growth for the third consecutive year in 1990.

MANILA ended 1 per cent lower on the week as the composite index recovered 3.19 to 878.67. SEOUL affected scepticism about news that North Korea had offered to open its borders with the south: the composite index closed 6.93 lower at 716.17, 0.5 per cent down on the week.

SINGAPORE was mixed, the Straits Times Industrial index rising 2.50 to 1,535.98, up 0.6 per cent on the week, and turnover from S\$104m to S\$128m.

There was further interest in automobile stocks on optimism about the growth potential for the car and spare part markets. KUALA LUMPUR recovered early losses to finish with the composite index 0.88 higher at 583.86, a rise of 1.6 per cent over the week. Volume swelled to 34m shares from 24m, with activity centred on speculative and low-priced stocks.

BOMBAY hit a new high despite profit-taking, the BSE index closing up 13.22 at 896.25, 5.4 per cent better on the week.

LONDON SHARE SERVICE

BRITISH FUNDS	1990 High	Low	Stock	Price £	Div p	Yield %	Red.	BRITISH FUNDS - Contd	1990 High	Low	Stock	Price £	Div p	Yield %	Red.	AMERICANS - Contd	1990 High	Low	Stock	Price £	Div p	Yield %	Red.	1990 High	Low	Stock	Price £	Div p	Yield %	Red.																											
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1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	9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FINANCIAL TIMES

Weekend July 7/July 8 1990

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The name behind the name.

BA signs £3.8bn aircraft order

By Paul Abrahams

BRITISH AIRWAYS has placed a £3.8bn order for aircraft and engines with Boeing, the Seattle-based aircraft manufacturer, and Rolls Royce, the UK aero-engine company. The deal, signed at Heathrow yesterday morning, is the largest single order BA has ever made.

The airline has signed firm orders for 21 Boeing 747-400s worth £2.3bn, and options for a further 12 aircraft valued at £1.5bn. These figures include a £800m order with Rolls Royce for about 160 engines and spare parts to power the new aircraft. They also include orders for components worth about £75m which may be placed with other British companies.

BA and Rolls Royce shares marginally outperformed the market yesterday. BA moved up 2p to 211p, while Rolls Royce moved 2p to 224p.

The new aircraft, to be delivered between March 1992 and December 1993, will be used to increase the size of BA's 747 long-haul fleet as well as replacing some of its early 747-100s. When the aircraft are delivered, the company's 747 fleet will increase to about 42 aircraft, or 64 if all options are exercised. In the meantime BA is launching a £20m refurbishment for its 747-100s.

The new 747s will have a leading role in BA's ambitions for the lucrative long-haul market. In the year to March 31 1990, BA made only £3m on domestic and European routes on a turnover of £1.8bn. This compared with profits of £284m on intercontinental routes which had a turnover of £3bn.

However, the battle between aircraft manufacturers to supply the next stage of BA's investment programme - involving the purchase of about 11 short and medium-haul aircraft to replace some of the airline's Lockheed Tristars and DC-10s - is becoming increasingly heated.

BA is evaluating bids for these replacement aircraft from Boeing, Airbus Industrie, and McDonnell Douglas.

Boeing is hoping to sell BA its proposed 767-X - also known as the 777. However, the aircraft is still on the drawing board and Boeing appears to be having difficulties finding launch customers. If Boeing fails to win the BA contract, it will be seen as a blow to its hopes of launching the 767-X.

McDonnell Douglas is bidding with its MD-11 trijet, while Airbus is proposing the A-330 aircraft. A decision, which has been delayed since last year, is expected within the next six months.

Speech to congress comes amid threats of a one-day political strike

Yeltsin calls for party overhaul

By Quentin Peel in Moscow

MR BORIS YELTSIN, president of the Russian parliament, yesterday threw his political weight behind the campaign for a total overhaul of the Soviet Communist Party, including a change of its name.

Against the overwhelmingly conservative mood of the party congress, the one man who enjoys a popular following in the country warned that the party faced bankruptcy, and its leaders prosecution, if they failed to allow sweeping democratic changes.

His speech came as the threat of a one-day nationwide political strike next week continued to spread, with industrial workers throwing their support behind coalminers who are demanding the resignation of the Soviet Government.

Mr Yeltsin's address was received with lukewarm applause by a 4,700-strong congress dominated by party officials, military officers and factory managers who share a deep concern about the whole process of perestroika under the leadership of President Mikhail Gorbachev.

Mr Yeltsin called for the party to register the differing platforms in its ranks - ranging from orthodox Marxist to ultra-liberal - to rename the party as the Party of Democratic Socialism and to announce its willingness to form a "union of democratic forces" to extricate the country from its crisis.

He also suggested that neither new rules nor a new party policy should be approved by the current congress, but that a new temporary leadership should be elected to draw up plans for the party's transformation and another congress in six months' time.

Outside the congress hall the protest movement against the party's rule continued to gather momentum. The latest news yesterday was that industrial workers at several major plants in Moscow, including the ZIL truck plant, plan to hold mass rallies on July 11 to coincide with the miners' political strike.

The city of Gorky is also planning to support the action, which is likely to include workers from the three big coalfields of the Donbas, Kuzbass and Vorkuta, in spite of urgent appeals from the congress for them to stay at work.

Congress clings to its faith, Page 3

Executive about this money. Although some members of the NUM executive are critical of Mr Scargill's links with the IMO, he is thought unlikely to face immediate calls for his resignation - or for disciplinary action against him - at the union's annual conference next week.

The deposits in the IMO fund in Dublin - known as the Mireds fund - included the £1.4m of donations and a separate sum of £580,000. Mr Scargill said at least £1.8m was still left in the account including interest payments.

He said that £1,050,000 had been moved out of the account, mostly to accounts controlled by the IMO in Vienna. He insisted that he had given Mr Lightman enough information to know where all Soviet donations were.

Miners' backer, Page 5; Secret funds, Page 6

Mr Arthur Scargill, president of the National Union of Mineworkers, said yesterday that £1.4m donated by miners in the Soviet Union and east European countries during the 1984-85 miners strike was still intact in bank accounts.

Mr Scargill, who faces controversy at his union's annual conference in Durham next week following an inquiry into his handling of funds, said the money was still in accounts under his control in Dublin and Vienna.

His comments followed a call by Mr Yuri Butchenko, a Soviet trade union leader, on Thursday for the return of between £2.5m and £10m which he said was collected by Soviet miners to help their British counterparts during the strike.

However, Mr Scargill insisted he had only known of a £1m (£580,000) donation from Soviet miners which was eventually transferred, with other donations, to a Dublin fund controlled by him and the Paris-based International Miners Organisation, of which he is president.

Mr Scargill rebutted a suggestion in the inquiry report by Mr Gavin Lightman, QC, that it was impossible to find the whereabouts of £1,050,000 transferred out of the Dublin account between August 1985 and December 1989.

He said that he knew where all the money was. He believes the money is not rightfully the property of the NUM because it was paid into an IMO account allegedly established to help international miners.

Members of the NUM executive are to seek Mr Lightman's advice on how to recover funds donated to help British miners. Mr Lightman's inquiry found that Mr Scargill had breached his duties by not telling the

NUM executive about this money. Although some members of the NUM executive are critical of Mr Scargill's links with the IMO, he is thought unlikely to face immediate calls for his resignation - or for disciplinary action against him - at the union's annual conference next week.

The deposits in the IMO fund in Dublin - known as the Mireds fund - included the £1.4m of donations and a separate sum of £580,000. Mr Scargill said at least £1.8m was still left in the account including interest payments.

He said that £1,050,000 had been moved out of the account, mostly to accounts controlled by the IMO in Vienna. He insisted that he had given Mr Lightman enough information to know where all Soviet donations were.

Miners' backer, Page 5; Secret funds, Page 6

Mr Arthur Scargill, president of the National Union of Mineworkers, said yesterday that £1.4m donated by miners in the Soviet Union and east European countries during the 1984-85 miners strike was still intact in bank accounts.

Mr Scargill, who faces controversy at his union's annual conference in Durham next week following an inquiry into his handling of funds, said the money was still in accounts under his control in Dublin and Vienna.

His comments followed a call by Mr Yuri Butchenko, a Soviet trade union leader, on Thursday for the return of between £2.5m and £10m which he said was collected by Soviet miners to help their British counterparts during the strike.

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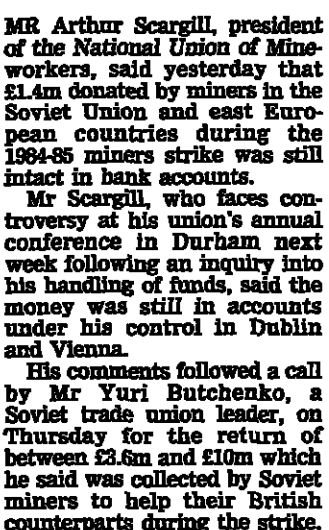
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Scargill says strike donations are intact

By John Gapper, Labour Editor



Arthur Scargill: money is not property of the NUM

Associated British Foods may make offer for British Sugar

By Clare Pearson and Maggie Urry

ASSOCIATED British Foods, the milling and baking group, revealed yesterday it had told the Office of Fair Trading it was contemplating making an offer for British Sugar and the other main food operations of Berisford International.

ABF, which plans to write-down the value of its 23 per cent shareholding in the heavily indebted sugar and property group, also turned up the pressure on Berisford to make an early sale of British Sugar, its prime asset.

It claimed this was the "only realistic option available." A "substantial and rapid reduction in the level of borrowings" was essential.

This followed Berisford's interim results statement on Thursday. The company then announced all its businesses were up for sale. It had made an interim loss of £144.5m after provisions and write-offs mainly related to New York property investments.

Mr Harry Bailey, finance director of ABF, said yesterday: "We are not trying to talk the price [of British Sugar] down. We are trying to induce a sense of realism into Berisford." He said this was the wrong time to sell the property investments because of the depressed market.

Berisford's shares closed 17p down at 64p.

In 1987 ABF gained clearance from the UK regulatory authorities for a £767m offer for Berisford, but dropped the deal after the October stock market crash. Mr Bailey yesterday refused to comment on the price it might now pay for British Sugar, the company would have to do "due diligence" investigations.

Tate & Lyle, the sweeteners group which had hoped to merge its sugar business with Berisford, on Monday said it was abandoning a contemplated bid for the company as a whole.

Sweetener battle coming to a climax, Page 8; London stocks, Page 13

When the market closed, trading volume in Globe before adjusting for double-counting stood at 184m shares and the Coal Funds' claimed control of 62.04 per cent of the target. On Thursday night their stake totalled a little under 45 per cent.

The board of Globe said it would ask the Coal Funds to "indicate their intentions regarding future management and investment policy" and then advise shareholders on what action they should take.

By late yesterday afternoon there had been no contact between the two sides, but Globe said it was hoping for a meeting on Monday. The Coal Funds said they would be willing to discuss Globe's suggestions, but added that the aim was still to secure 100 per cent of their target.

Globe's fate was sealed shortly after 1pm, with a handful of sizeable institutional sales. The first, covering 9.8m shares, or 1.8 per cent of the equity - was made by Postel, which manages the Post Office and British Telecom pension funds.

The 20p-a-share cash offer compared with a Datastream estimate of Globe's net asset value of 214p last night - a discount of 4.3 per cent. However, Globe has argued that such calculations fail to take account of certain assets, and that its total value stands at over 230p a share.

In an interesting twist, Postel, plus some other institutions, appear to have sold out for 201p ex dividend. This means that they will receive the net 4p final dividend to make up the bid price. However, because of their tax status, they will also be able to reclaim tax paid on the dividend; as a result, they effectively receive 206.5p a share.

London Stocks, Page 13

Mr Leon Brittan, the European Community competition commissioner, is to investigate the acquisition by Ruhrge, the biggest West German gas company, of a 35 per cent stake in the East German gas transmission network.

This is the Commission's first formal action in East Germany, and is legally controversial as it is not clear whether EC rules apply to East Germany before full unification.

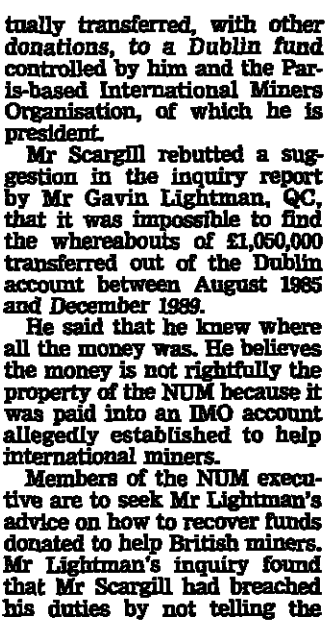
The decision reflects the Commission's concern that East German industry is being swallowed up by West German companies, hampering competition in the Community.

In an interview, Sir Leon said that, since German monetary union earlier this month, East Germany could effectively be considered as part of the Community in terms of enforcing competition law.

The degree of economic integration of East Germany into the West and the greater degree of financial dependence since July 1 mean that we have a legitimate right to take a position on state aid and mergers in East Germany," he said.

He added that the Ruhrge case could prove a serious infringement of EC competition rules, as the company already has a dominant position in the West German market, to which it would be adding a strategic stake in the East German gas market.

The Commission would



Sir Leon Brittan: a right to take a position on East Germany

Coal pension funds win £1bn battle for Globe

By Nikki Tait

THE HARD-FOUGHT £1.1bn battle for control of Globe, Britain's biggest investment trust, ended at lunchtime yesterday when the bidder, the British Coal Pension Funds, snapped up sufficient shares in the stockmarket to take it through the 50 per cent level.

That prompted a rush of sellers, with many City institutions anxious to receive cash immediately, rather than take the more lengthy route of accepting the offer.

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The Commission would

Britain has been a lonely voice of scepticism. "But we are now seeing the first signs of concern elsewhere in the Community - albeit in disguise."

Mr Major believed his alternative to Delors would enhance monetary co-operation in the EC. The proposed European Monetary Fund would take its lead from the strongest currency and the hard Ecu would reinforce anti-inflationary pressures.

He continued: "They meet the concern that under the

present proposals for stage three, rather than the formidable anti-inflation record of the Bundesbank being extended to cover the other 11 nations, we might instead see its anti-inflation credibility being diluted and weakened."

THE LEX COLUMN

British Sugar on the table

FT Index rose 8.8 to 1,865.0

FT-SE 100 Index

Relative to the Dow Jones Industrial Averages Index

104

102

100

98

96

94

92

90

88

Jan 1990 Jul

absence of investor loyalty may take comfort from the City's willingness to sell out one of its own.

The fact that a privatised utility pension fund helped push the Coal Board over 50 per cent adds piquancy to Globe's defence arguments. But the trust's battle was evidently lost in the earlier years of underperformance.

Yet again, the Coal Board has shown its ability to pull off a canny deal. Small shareholders now have 14 days to decide whether to accept the offer; but the chances are that they will be better off reinvesting in Foreign & Colonial than remaining a minority in a pension fund dominated by Globe.

Admirers of the sector may be consoled by the fact that the bid has pushed the discount to net assets to 13 per cent, which analysts say is a 25 year low.

Cable and Wireless

It is easy to hazard guesses on why Mr Li Ka Shing decided to sell his 4.9 per cent of Cable and Wireless, owner of Hong Kong's telephone monopoly. The stock is at a five year high in Hong Kong dollar terms, and Mr Li's empire is very large, with who knows what alternative uses for the £260m-odd which the sale brought in.

As for Mr Li's strategic plans for telecommunications, they apparently centre these days on the idea of beaming satellite television around the Pacific Rim, by means of his AsiaSat joint venture.

If Mr Li's decision to get rid of his stake was prompted by considerations such as those, the entire transaction says little one way or the other about C and W's prospects. Nor does the speed with which the fund managers took their shares at 515p from Smith New Court

Yesterday's unexpectedly strong figures for US employment suggest certain parallels with the UK. In both cases, the markets have been faced with persistently ambiguous data on the economy. Both have discerned signs of weakness and have pinned their hopes on lower interest rates. Those hopes are now receding.

Despite that, Wall Street yesterday went higher. This is in one sense rational. It always looked a little odd for US equities to go better on the basis of a weakening economy. And as in the UK, the US institutions are still hugely liquid. But there seems little case for Wall Street to resume its ascent on 3,000 at present.

Mr Bush may have heartened the market with talk of tax increases; but there is still the little matter of whether the items to be taxed include the sale of stocks.

Rolls-Royce

The market gazed upon yesterday's new orders at Rolls-Royce, yawned, and marked the shares up 1 per cent.

This tepid reaction is not unreasonable as a response to the news of another 130 B21s going to British Airways, since Rolls has to keep winning orders on this scale just to keep in the game against General Electric. But the other smaller item of news yesterday perhaps deserved better - National Power's decision to buy its Killingholme combined cycle power station from the ABB/NEI joint venture. NEI is starting to justify Rolls-Royce's decision to buy the company in 1989.

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SECTION II

Weekend July 7/July 8 1990

House prices — the year the roof fell in

Britain's homeowners are facing the possibility that the property bubble has burst — perhaps for good. The economic and political consequences could be far-reaching. John Plender stares into the abyss

FOR MORE than four decades, the British have been conditioned to believe that the best investment they can make is to buy their own home on borrowed money. A decade of Thatcherism has not only failed to dispel that conviction; it has reinforced it. Yet suddenly home owners in Britain, indebted as never before, confront a fall in house prices — perhaps on a scale not seen since before the Second World War.

Could it be that the great British house price bubble has finally burst? Is it possible that Britain is about to revert to the stagnant housing market of the 1930s, complete with widespread mortgage defaults and bankruptcies in the housebuilding sector? Or are the British moving towards a West German-style housing market, in which prices go up and down in line with demographic trends and the state of the underlying economy?

Those questions are not only important for Britain's 14.5m homeowners, including former council house tenants who have spent more than £20bn since 1980 on buying their existing accommodation. They raise broader political and economic questions, for the housing market remains one of the chief engines of inflation in the British economy and has made an important contribution to the growth in the UK's current balance of payments deficit.

Indeed, a fall in house prices, though painful for individuals, could be generally beneficial. But before staring into the abyss, we should establish just how peculiar British house buying habits are by international standards.

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causing the balance of payments to spring a leak.

In contrast, consider how housing finance works in a society that really values thrift. Among the key institutions of the West German financial system are the building and loan associations, the *Bausparbanken*. Throughout the post-war period, the would-be German homeowner has foregone jam today by contracting through these building and loan associations, to save a specific sum on a regular basis before becoming entitled to take out a loan. The interest on the savings is at a below-market rate, but enjoys exemption from tax up to a set limit. Depositors are also given a tax-free savings bonus. And tax relief on mortgage interest is restricted to a once-only period of eight years.

By the time most Germans come to borrow, they are older than the equivalent borrower in Britain and are more likely to have been living in privately rented accommodation. Their total debt, is seldom allowed to exceed 80 per cent of the value of the property.

That system has more in common with the building society cartel that Britain abandoned in 1980 than today's deregulated market place. Note, too, the difference it makes to have a large private rented sector.

In the early 1950s, more than half the housing stock in Britain was owned by private landlords. Today the figure is down to 7 per cent, thanks to a combination of below-market regulated rents and a his-

toric bias in the tax system against renting in favour of ownership. Note too that tax relief on mortgage interest and the exemption of an owner's main house from capital gains tax also help borrowers not savers. Both reliefs have been championed by Thatcher against the wishes of the Treasury.

That assortment of sticks and carrots helps to explain why around 35 per cent of under 25-year-olds are already home owners — one of the more astonishing statistics in the British housing market. So, too, does the readiness of banks and building societies to advance 100 per cent of the value of a house to first-time buyers, the sacred cows of the British political system.

Planning constraints on building new houses, the fiscal bias in favour of debt, and financial deregulation have all helped to create an inflationary psychology unparalleled in the other leading economies. And the psychology is reinforced by a remarkably un-Thatcherite welfare cushion, whereby the Government picks up the interest payments of mortgage holders if they become unemployed.

That is, in effect, an indirect subsidy to the lenders. And given such protection from bad and doubtful debts it is perhaps surprising that Britain has not suffered more of the adventurous behaviour that has driven scores of savings and loan institutions in the US to the wall, at huge cost to the American taxpayer.

Without question, private individuals are being more adventurous. At the peak of the boom in 1988,

annual interest costs on the average mortgage amounted to £2,800, while capital appreciation on the average house was around £7,700. So it cost nothing to service the debt — an apparently amazing bargain, especially for those whose borrowings were not backed by any existing wealth.

The speculative mentality that this engendered was at its most frenetic in the housing developments in London's Docklands, where young City dealers were putting down deposits on flats and houses they did not intend to occupy, in much the same way as they dealt in the futures markets.

This is surely not the kind of enterprise culture to which the Prime Minister aspires. For as Andrew Hugh Smith, International Stock Exchange chairman, points out, there is a trade-off between individual ownership of property and ownership of shares. He believes savings flows have become unhealthily skewed away from industry towards housing.

However, it may now be that this trend is going to be reversed, as capital gains in housing start to shrink. In docklands developers are even letting their unsaleable property to tenants, something which has not happened since the 1930s.

A more prudent relationship between house prices and earnings is beginning to reassert itself, partly as a result of pay inflation, but also because of the first serious decline in nominal house prices since the war. The broker, UBS Phillips & Drew forecasts an overall price

decline of 5 per cent for 1990, with southern parts of the country, including London, showing a fall of 10 per cent.

What are the chances that the bubble has burst for good and that the British will reassess the attractiveness of home ownership as an investment?

Demography is one of the better reasons for thinking that the housing market will behave differently in the 1990s. In the 1980s the number of households rose by about 180,000 a year. While the figure is expected to remain relatively buoyant in the first half of the decade, the impact of the decline of a third in the birth rate between 1964 and 1977 will start to have a spectacular effect thereafter.

The number of young married households in England under the age of 30, says Adrian Coles, head of external relations at the Building Societies Association, is expected to fall by more than 40 per cent by the end of the century. That carries overtones of the German market, where a shrinking population contributed to a 10 per cent fall in nominal house prices between 1981 and 1986. Prices picked up only when the influx of migrants from East Germany created a sudden shortage.

Equally important is the potential impact of Britain's entry into the exchange rate mechanism (ERM) of the European Monetary System. If the commitment is real, it implies that the traditional escape route from a typical British balance of payments crisis, with devaluation accommodating inflationary pay settlements, will be less accessible. If the French experience in the ERM is any guide, British industry will suffer a profits crunch accompanied by increased unemployment on the road to price stability. The welfare safety net for unemployed mortgage debtors may help limit the damage to house prices, but it is hard to believe that there will be another speculative bubble in those circumstances, especially when the value of mortgage interest relief is being eroded steadily by inflation.

The persuasive counter-argument is that entry into the ERM will initially permit a reduction in British interest rates as markets anticipate progressive convergence in inflation rates between Britain and the other members of the system. This could well coincide with a return next year to a more normal relationship between house prices and incomes, while the gravitational pull of demography does not become strong until the second half of the decade. So the temptation for private individuals to go buying and spending again will be formidable because there is still a huge amount of unrelaxed equity in the private sector balance sheet.

The total owner-occupied housing stock in 1988 was estimated at 5,964bn, while related housing loans stood at only £224bn, implying enormous unused borrowing capacity in today's deregulated market. Hence the confidence of forecasters at leading City firms such as Morgan Grenfell, UBS Phillips & Drew, Shearson Lehman Hutton and James Capel that we will soon see another upturn in house prices.

At least one more "boomlet" may be in the pipeline. And a problem may await other members of the ERM as the 1992 initiative brings liberalisation to their hitherto thrift-inducing financial systems.

The lack of flexibility in the rented sector is perhaps the most compelling reason for thinking that the British will continue to rush into owner-occupied housing on borrowed money. An increase in public sector rented housing is ideologically unappealing to the present Government. Yet it cannot bring itself to adopt a radical Tory policy to revive the private rented sector: its measures to deregulate rents have been restricted to the tiny part of the market that consists of new rented accommodation, which is why Britain has one of the lowest rates of labour mobility in the developed world.

That policy failure explains why the present writer moved last week from a rented home to a house of his own after borrowing an absurdly large sum of money. In Britain in the 1990s, alas, permanent renting still seems a more daunting proposition, despite the risk of falling house prices, than basing the family finances on the principles of Micaewber and a mountain of debt.

Hazards for the riders of the range

AT THE BEGINNING of the year I took a distinctly cautious view of the stock market's prospects, and broadly speaking that has proved to be correct.

Indeed the World Index has subsequently fallen 16 per cent in sterling terms, a drop which admittedly has been exaggerated by the isolated collapse in Tokyo and by the remarkable appreciation of around 8 per cent by the pound.

Halfway through 1990, however, it would be fairer to say that most national markets have changed comparatively little in local currency terms.

The London market, for instance, is off only about 4 per cent net after its strong rally from the April low point (I failed to foresee the UK's amazing flirtation with the ERM).

Wall Street, meanwhile, is up about 2 per cent — as measured by the S & P 500 rather than the misleading Dow Jones Average of just 30 blue chips.

My doubts in January were based partly on a feeling that the year-end euphoria (which was especially evident in Japan) was unsustainable.

I did not, however, join the superbearish school of doomsters who were inclined to predict a global collapse due to a credit crunch.

In fact, financial structures appear to be rather robust, as can be seen from the very limited impact of the Japanese stock market crash even inside Japan, let alone abroad.

All the same, the disgracefully imprudent

behaviour of banks in much of the world remains an abiding theme of the financial markets, and bailing them out could prove to be very inflationary.

The world economy remains encouragingly resilient, and the OECD predicts an almost maintained growth rate of 3 per cent this year and next.

On the face of it the traditional cycle is little in evidence. But this is partly because the US and the UK are fortunately out of sync with Japan and Continental Europe.

And anyway some important late cycle characteristics are clearly present, including upward pressure on interest rates and a general squeeze on profits.

Even in Germany, where the economy is booming, with GDP growth running at 4 per cent, company profits expectations are being revised downwards.

Meanwhile the German government's borrowing binge to finance the reconstruction of East Germany got under way this week with the first *Düsseldorfer* bond.

As 6½ per cent coupon was fairly modest, but it is symbolic of the coming demands on the world's savings.

The American willingness to consider higher taxation is at least a step in the right direction, but the British Government's decision to throw money at the poll tax problem is not, and it is now very likely that our fiscal surplus will disappear next year.

What does all this add up to for the British stock market? It

The Long View



Halfway through the year the stock market remains subdued, but it may soon be time to be thinking ahead to a new phase

has spent the past year and more locked in a trading range between 2100 and 2400 on the Footsie index, and is at present towards the top of that zone.

Now the market yields about 4.3 per cent, maybe a shade under the long run average, and the p/e ratio on industrials is 11 or so.

These are respectable levels, and looking ahead a year or two buyers are unlikely to go far wrong. But there is, of course, considerable concern about the near term earnings outlook. Profit warnings are emerging almost every day.

The direct effect of high interest rates is to raise the opportunity cost of holding longer-term assets and undermine asset prices.

You might reason that a smart pension fund manager could have put all his money on deposit at the beginning of the year and gained 7½ per cent so far. That would have been above his minimum objective of beating pay inflation.

It would also have placed him at the top of the league table: according to the WM Company, which measures investment performance, the average British pension fund probably returned about minus 2 per cent in the first six months because it was invested in the usual mixture of equities, bonds and property.

Nobody dares to go liquid in this way, however, because it would be so hard to re-enter the stock market at the right time. And one brief surge of share prices could wipe out all the relative gains.

That is the kind of problem we now face. When will the stock market start discounting lower interest rates and the

beginnings of a profits recovery? When will the danger of unexpected shocks have passed? There might be a sharp, positive response.

In the meantime, however, the market is drifting into the summer doldrums. How far down it goes may depend more than anything else on the flow of new issues.

After the first quarter financial deficit of £7bn the company sector is being badly squeezed.

There have been signs in the past few days of an upturn in rights issues, but they have been individually small, and bigger companies still appear to want to play a waiting game.

My own hunch is that the market may again drift much nearer to the bottom of its trading range in the next month or two but it might prove expensive to be too liquid as we move into 1991, with the prospect of cuts in short-term interest rates and some pre-election excitement.

Entry to the ERM may bring an exchange rate squeeze for British companies, but on the other hand it will reduce the perceived risks of the London stock market for foreign investors.

Poor earnings growth could be offset by an improvement in ratings: remember that in real terms the All-Share Index is now 25 per cent below its all-time peak recorded three years ago, whereas company profits have expanded mightily since then.

But if we fall to join the ERM, all bets are off.

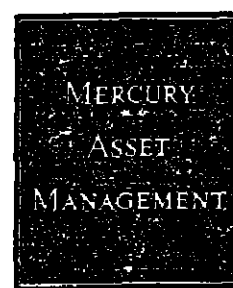
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Fidelity

MARKETS

FINANCE & THE FAMILY: THIS WEEK

Coal Board Pension Funds claim victory over Globe

The Coal Board Pension Funds yesterday afternoon claimed victory in their bid for control of Globe Investment Trust, saying that they had bought more than 50 per cent of the shares. See news story in first section of today's FT.

Tax-free travel loses its accountability

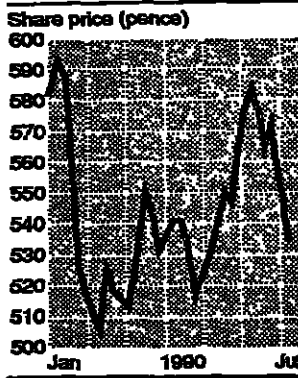
Trainee accountants have a hard life. It takes at least three years to qualify, and that time is often a period of extreme drudgery. However they enjoy one outstanding perk: too junior to get company cars, they do get mileage allowance for all the journeys they make driving their own cars to see their audit clients. Now the Inland Revenue is set to change that. David Waller reports. Page IV

Do you need a bank abroad?

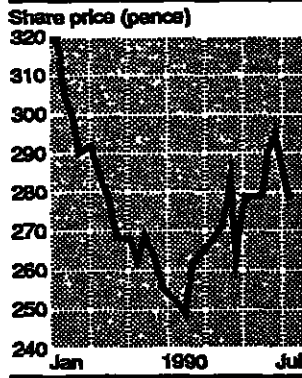
Opening a non-resident current account in a foreign bank abroad has become a fairly simple, but there remain pitfalls for the unwary. Karl Wiley examines the pros and cons of opening a foreign account. Page V

BRIEFCASE: Tax liability on a house in trust - Page V

RTZ



Taylor Woodrow



RTZ's downgrading: what does it mean?

The downgrading by UBS Phillips & Drew and BZW this week of RTZ was both more and at the same time less significant than might appear to the non-specialist investor. Significant because it provided a clear signal that City downgradings of corporate profits forecasts are no longer restricted to the obvious targets like retail and property companies, but are now spreading to the international heavyweights. Analysts, prompted by the RTZ board, zeroed in on the implications for group profits of sterling's continued rise - and RTZ will not be the only one to suffer. However, RTZ shares seem fairly safe at these levels; several analysts would regard any further fall in the price as a buying opportunity. Terry Byland

Analyst lowers profits estimate on Taylor Woodrow

Shares in Taylor Woodrow, one of the UK's leading contracting and construction groups and which has enjoyed 30 years of increasing earnings were among the stocks affected by analysts lowering their profit estimates. Robert Fleming Securities' Peter Jensen lowered his forecast of pre-tax profits for the current year from £117m to £105m, most importantly below the £116.9m Taylor Woodrow achieved last year. Laming & Cruikshank also expects Taylor's pre-tax profits to come in lower this year, and pencilled in a forecast of £100m as long ago as mid-May. But some researchers, pointing to Taylor's highly conservative accounting policies, are confident that Taylor Woodrow can maintain its long-running profits record. Steve Thompson

OFFER TO OFFER PERFORMANCE OVER ONE MONTH (NO INCOME) TO 30 JUNE 1990

Fund	% Change
Top 10 Unit Trusts	
EFM Smaller Japanese Companies	9.6
Govett UK Special Opps	8.9
GAM UK Special	8.2
Schroder Japan Smilr Cos	7.6
Bank of Ireland Plus	7.4
Wardley Japan Sm Cos	6.7
MIM Brit Japan Smilr Cos	6.5
Fidelity Japan Smaller Cos	6.4
Mercury UK Smilr Cos	6.3
KB UK Equity Gth	6.2
Bottom 10 Unit Trusts	
M&G Gold & General	-14.4
James Capel Gold & General	-11.8
Tyndall Capital Defender	-11.8
MIM Brit Gold	-10.6
S&P Gold & Exploration	-10.4
Waverley Australasian Gold	-10.3
Morgan Gren Japan Tracker	-8.7
Hambros Japan & Far East	-8.6
Royal Life Jap Ind Tracking	-8.5

Japanese smaller companies funds have dominated the unit trust performance tables again in the last month. Edinburgh Fund Managers' Smaller Japanese Companies topped the list for June, and ranked fourth over one year and 14th over five years. Meanwhile, gold funds have congregated at the bottom of the performance tables over one month due to the plunge in bullion prices. Sara Webb

HOW CAN the small investor get a look in when it comes to share placings?

Alan Blake, a reader from Stamford, complains that he recently found it impossible to buy shares in Levercrest, a company which makes play ground equipment and safety surfaces and which joined the Unlisted Securities Market in a placing. "I applied to the issuing brokers to obtain shares in Levercrest, but was informed that they were reserved in the placing for their own clients who had the prospectus sent to them several weeks earlier," writes Blake. "This seems to be discriminatory against the small investor... The Government will undoubtedly be encouraging 'sid' as their latest privatisation project looms closer. When are they going to give fair access to all share floatations?"

The problem is that placings - where shares in a company are placed with investors - are not usually made with the small investor in mind. The shares are usually distributed

among the institutions. "This is an old, old, hardy annual complaint," says Michael East, head of private client business at Grace Middleton & Co. "When a company does a placing, the brokers tend to talk to institutions because that way they can get rid of the shares in easy dollops. It doesn't pay to talk to lots of private clients."

Andrew Gregory, head of Kleinwort Benson's private client business, says that a placing is far cheaper than an offer for sale, and for a small company provides a cost-effective way of getting a quote on the stock exchange.

But most brokers acknowledge that the system is unfair to smaller investors. "It's one of the great faults in the existing system, and one of the biggest causes of complaint among investors regarding listing rules," says Matthew Orr of Killick & Co.

Before the Big Bang of 1988,

SO THE economic way ahead is now clear: John Major should add Gascoigne, Waddle and Robson to the list of Government advisers and ensure that nail-biting World Cup ties involving British teams are played at least once a week for the next six months, thus emptying the streets of credit-hungry consumers.

So far Our Brave Lads have proved more capable of doing that job than the Chancellor. This week's statistics seem to indicate that the interest rate squeeze is having little effect on the British public's spending and borrowing habits.

The amount of new credit advanced to consumers in May was higher than in the previous three months and - to the surprise of the City - the Central Statistical Office had to revise upwards its provisional estimate for retail sales volume in May.

That said, there was evidence this week that the

excitement of the nerve-fraying finale to the ERM saga is beginning to wear off in the equity and gilt markets. The FT-SE 100 Index slipped 34.6 points on the week to 2340, as the impact of further stern Treasury talk about interest rates sank in. Equities continue to look vulnerable, especially if Wall Street takes a turn for the worst.

Sterling, on the other hand, is as buoyant as ever, and still sensitive to the slightest hint on ERM entry. The pound has risen nearly 5 pence against the D-Mark this week, supported by the written version of a speech from Karl Otto Pöhl, president of the West German Bundesbank, which indicated he was expecting British ERM entry "soon". Never mind that the word was omitted in the speech he actually delivered to the Institute of Economic Affairs on Monday - the currency bulls had already

charged.

It may seem strange, given the buoyancy of the retail market, that so many retailers are screaming about slackening demand on Tuesday. Sears, the footwear and clothing retailer, warned that trading had been weaker since the beginning of May.

Overcapacity in the retailing industry - a legacy of the boom-boom 1980s - is the fundamental reason for the apparent contradictions between retailers' experience and Government statistics. The timing of the downturn may also provide the clue. Both Sears and, last week, Burton Group, have identified a sharp decline in demand during the last month or so. On that basis, the retail sales figures for June - due a week on Monday - should make interesting reading.

It is worth stressing again that there is no point in generalising about an entire

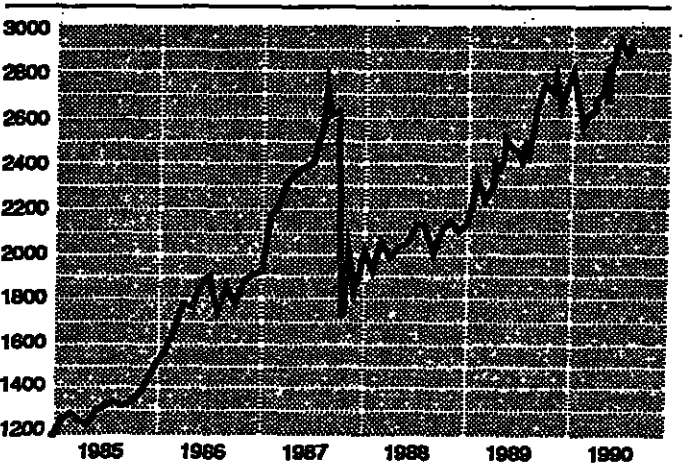
HIGHLIGHTS OF THE WEEK

	Price y/day	Change on week	1989 High	1989 Low	
FT-SE 100 Index	2340.0	-34.6	2463.7	2103.4	Corporate profits concern
Alkermes	206	-30	257	183	Bid from Glynned abandoned
Asoco. British Foods	418	+23	425	372	Berlford bid hopes
Berlford Ind.	64	-48	151	63	Poor results
Burton	104	-14.2	226	101	Consideration of profit warning
Costain	271	-17	318	229	No early interest rate cuts
Gerrard & Mill.	290	-24	325	282	No early interest rate cuts
Hanson	228	-16.2	249	209	Smith-Corona seized profit warning
Legal & General	410	-30	440.2	340	Brokers turn bullish on life sector
Lloyd Thompson	308	+13	308	287	Buying by index tracking funds
Midland Bank	307	+17	404	271	Broker buy recommendations
P & O Delf.	615	-43	667	563	James Capel downgrades
RTZ	541	-31	605	501	Brokerage downgrades
Railways	233ca	-26	275	197	Rights issue and acquisition
Tiphook	563	+21	563	430	Good year end profits

WALL STREET

No holiday firecrackers

Dow Jones Industrial Averages



terday morning. But equities resisted the trend - in part because of a correcting drop on Thursday amid rumours that the White House might be considering a tax on securities sales.

Still, the equity market looks as if it may be stuck in a dull sideways summer movement. While the Dow Jones Industrial Average reached a new peak of 2935.89 in mid-June, the index has been oscillating in a fairly tight band, with the daily closing level in a range of little more than 100 points. It could gain a new sense of direction from the latest quarterly results season or from a cut in short-term interest rates.

With the price/earnings ratio on the Standard & Poors 500 trust at 16.6, the high end of the historic range, it is pointing to a gradual recovery in the manufacturing sector.

although it has managed to brush off profit warnings from some large manufacturers over the past couple of weeks.

The bullish argue that the economy is in no danger of spluttering to a halt, even though there are regional patches of rolling recession, and that the eight-year-old expansion will keep on going, albeit at a much reduced rate, as a relatively tight Fed monetary policy squeezes inflation out of the system.

Company earnings, the argument goes, will be weak for the first half of this year but show some recovery towards the end of 1990. The optimists would interpret yesterday's employment figures, together with surprisingly strong late-June car sales and a modest uptick in May factory orders, as pointing to a gradual recovery in the manufacturing sector.

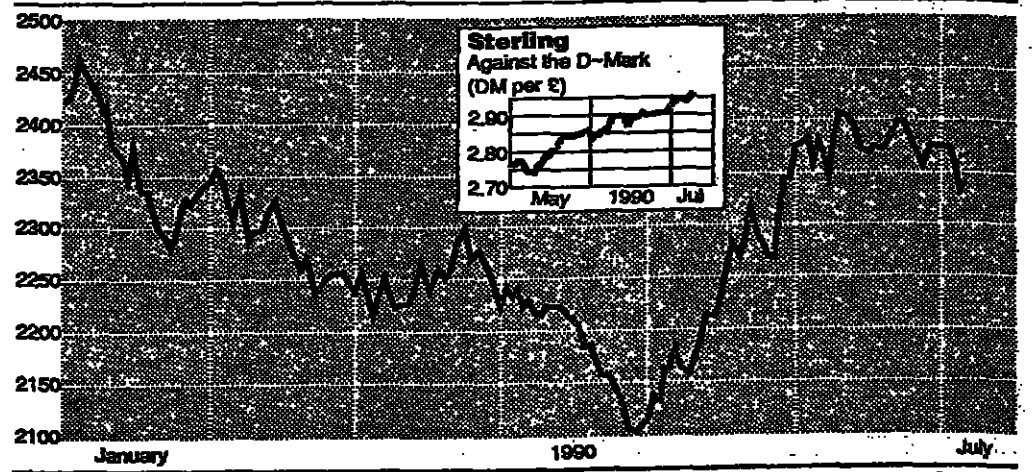
Lumsden says placings are one way of rewarding loyal customers. RCL does about six or so placings and introductions a year for corporate clients.

Albert E Sharp points out that distributing lots of small batches of shares to private investors is not always advantageous to the company or the investor. For a start, if a lot of the small investors decide to sell immediately in order to make a quick profit, the share price may fall. Second, investors who sell small batches are likely to see much of the profit wiped out by commission and dealing charges.

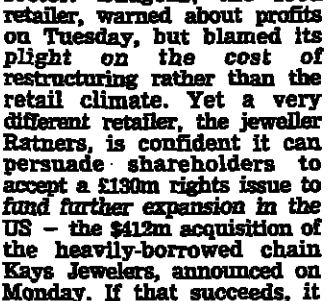
It is possible that the stock exchange may change the rules governing placings so that the private investor has a better chance of participating.

More companies are floated by means of a placing than by an offer for sale. A recent Stock Exchange Review Committee report states that since 1980, 676 companies have been

FT-SE 100 Index



Sterling Against the D-Mark (DM per £)



sector. Budgens, the food retailer, warned about profits on Tuesday, but blamed its plight on the cost of restructuring rather than the retail climate. Yet a very different retailer, the jeweller Ratners, is confident it can persuade shareholders to accept a £130m rights issue to fund further expansion in the US - the £412m acquisition of the heavily-borrowed chain Kays Jewellers, announced on Monday. If that succeeds, it should prove that the market can still show an appetite for the right deal by the right company - even if it finds itself in the "wrong" sector.

The problems Berlford International, the sugar and property group, have been trickling out grain by grain over recent months. This week two lumps of bad news were dropped into the market.

On Monday - following gloomy weekend press reports of Berlford's plight - Tate & Lyle surprised everybody by announcing it was abandoning any attempt to merge with the company. Some City observers, not least Berlford's advisers, believed Tate should have confined itself to a gentlemanly statement along those lines. Instead, the sugar group went on to refer to the "value and status of certain Berlford non-sugar assets" as a reason for withdrawing.

Those concerns - notably about Berlford's ill-judged New York property

investments - were spectacularly justified on Thursday, when the company unveiled losses after provisions of £144.5m for the half-year to the end of March. US property provisions accounted for £147m of a £161m extraordinary charge.

So deep is the trauma at Berlford, which lost its controversial chairman Mr Ephraim Margulies earlier this year - that the company is prepared to sell British Sugar, possibly its only attractive asset.

Berlford says it is talking to several potential buyers of all or part of the company, including Associated British Foods, the baking and milling group which owns a 23 per cent stake, but there are bound to be doubts about whether the company can sugar the pill enough to make it palatable.

Berlford shares ended the week down 48p at 64p. Other corporate news was sparse, but apart from Berlford and the retailers, most companies broadcast a more optimistic tale this week, at least by comparison with last week's gloomy symptoms of the economic downturn.

On Monday, for example, Scottish Breweries announced a 33 per cent increase in profits for the year to the end of April - from £138m to £183m - with the help of a first-time profit from the group's new leisure interests, Pontin's and Center Parcs.

Tiphook, meanwhile, continues to strengthen its reputation as one of the world's fastest-growing container rental companies. It doubled its fleet of cargo containers earlier this year when it bought 300,000 units from Sea Containers after a nine-month bid battle. But even without the benefits of that acquisition, the group was able to announce profits nearly doubled at £32.1m last year. They should more than double again in 1990-91.

Figures from General Electric Company, the largest group to report earnings this week, were less well-received by the City. The results were blurred by the after-effects of a number of complex deals last year, but GEC revealed that it had made \$572m before tax in the year to March 31, up 9.4 per cent on the previous 12 months. But analysts still seem unimpressed by the group's underlying performance.

Finally, executives at the British Coal Pension Fund will have a chance to relax in front of the final stages of the World Cup and Wimbledon this weekend.

They achieved their goal yesterday when institutional investors in Globe Investment Trust finally capitulated to the coalmen's £1.1bn hostile bid - just ahead of the official closing date for the offer on Monday.

Andrew Hill

JUNIOR MARKETS

View from the venturers

IF ANYONE is well-placed to assess the economic and financial outlook facing Britain's smaller companies, it is 3i group, the UK's biggest venture capital investor in Europe and so on. They are the people who are alert and reactive to what's happening. Most of our successful companies are doing things that are very different from ten years ago, in technology or the way of doing business.

"People in engineering who have a product, let's say a pump for air-conditioning, who are selling it throughout Europe, who are meeting the new specifications for the Common Market - they are the people who are doing well."

"The opportunities are very much in traditional sectors," he says. "This includes such mature industries as printing, distribution, food processing, and even foundries, a declining industry a few years ago."

"We now have investments in a number of specialist foundries, making small runs of specialised products. And people who supply hardware to scrap dealers - or waste reclamation engineers as they call themselves these days - are doing very well."

The prospects for the biggest USM sectors attract the following comments from 3i's team of industry advisers:

- Stores (13 USM companies, 7 per cent of total USM market capitalisation). Cost pressures mounting from interest rate reviews, uniform business rate, strong wage increases. Good premises easier to find without big premiums. Growth possible for smaller retailers which provide personal service. Buyout cases: low-priced items in ladies' clothing, sports shops, popular jewellery, food.
- Leisure (31 USM companies, 7 per cent of market capitalisation). Competition increasing, especially in budget accommodation. "Companies need no longer rely on capital value appreciation to hide disappointing operating returns." Need to focus on operating costs, greater investment in training, labour saving methods.
- Electronics (35 USM companies, 6% of market capitalisation). Increased competition from abroad finding UK companies to invest in R&D to survive. Weak areas: defence, telecommunications. Strong areas: mobile and data communications, PC software developers, optical scanners, end-user support for software.
- Construction (24 USM companies, 3% of market capitalisation). Despite downturn, successful firms growing because they have spread their activities. Strong areas: repair and maintenance, infrastructure, water industry, energy.

Although pre-tax profits were up slightly, 3i's total return figure - changes in the value of its portfolio, and revenue and capital profits - fell from £232m to £21m, the lowest for at least five years.

The main reason for the fall was the fall in stockmarket prices - of about 12 per cent in the year - and the corresponding downward valuation of 3i's quoted investments.

The valuation problem will be sadly familiar to any investor in the USM. Despite the faintest flicker of a recovery in recent weeks, the Datastream USM index has still underperformed the FT-Actuaries All Share Index by 28 per cent over the past year. And though, in absolute terms, the USM index has risen a couple of percentage points since mid-May, it is only half its value before the October 1987 crash.

Sach says: "Underlying growth in the profits of small companies is still faster than in big companies. And the quality of management is improving dramatically." But the stock market does not reflect these attributes.

But put this down, in large part to the changes in the London stockmarket. "You can trade big blocks of shares in big companies very easily on your screen. In small companies trading is much more difficult. We have noticed a marked deterioration in liquidity in the shares of the 200 listed companies in which we invest."

One side-effect of this has been to reduce flotation as a suitable exit route from small company ownership for venture capitalists. "If you want back three years ago, you'd find a lot of our customers looking at flotation," says Sach. "Now you could find more who would like to de-list than list."

The outlook for smaller companies is not gloomy, however. "Our impression is that the typical smaller or medium-sized company is doing quite well," he says. "This is not particularly related to the sector

Martin Dickson

floated by a placing compared with 201 companies offered for sale. According to the report: "The placing is a natural method of bringing a smaller company to the market... costs are lower but so is the level of publicity." (For unlike an offer for sale, you do not have to pay for widespread advertising, or need to mount a sub-underwriting operation). But the committee recognises that small investors miss out on the opportunity to buy shares through placings.

One possibility the committee raises is that some of the shares could be set aside for independent market-makers to distribute. Another is that with the larger issues, some of the shares should be made more widely available, either through other brokers or offers for sale so that individual investors could make direct applications for shares. If such changes are introduced soon, small investors could well feel that they are getting a fairer deal.

Sara Webb

Outsiders battle for placings

an issuing broker could give 25 per cent of the new shares to market makers on the stock exchange floor, which at least enabled other brokers to pick up the shares for their clients. However, now the procedure for small placings is that an issuing broker can place all of the new shares among his institutional or private clients or, in the case of larger placings, give 25 per cent of the shares to another distributor. "We would probably put some shares with our discretionary clients and would ring round customers to drum up interest from them," says Orr. "The man in the street isn't likely to get the stock, it will go to the favoured clients."

Fred Carr of W I Carr says: "There isn't a fair way of doing it. Sometimes if the brokers think the company's share price will open at a decent premium, they encourage the loyal clients or those clients who have suffered from a mis-

take made by the broker to take shares."

The only way of spreading the ownership might be for the broker to put some of the shares in an in-house unit trust. So what can the small investor do?

He can tell his broker that he is interested in buying the shares in a placing, in which case his broker applies on his behalf to the issuing broker. But in the majority of these cases he is still unlikely to receive any of the shares.

Alternatively, he could register with a broker who makes a lot of placings to clients. For example, a broker who is strong on both the private client and the corporate side is likely to be involved in placings. Henry Cooke Lumsden and Albert E Sharp are two regional stockbroking firms which are involved in placings around the country. Sharp is broker to 54 regional companies.

Nick Justin of Henry Cooke

Peter Martin

FINANCE & THE FAMILY

Pitfalls abound when it comes to choosing a good financial adviser. Sara Webb gives some advice

Golden rules for investing your nest egg

TAKE THE following two chaps. Mr X is one of the many unfortunate investors who had a personal recommendation from a dinner party acquaintance to put his money with Dunsdale, the Park Lane investment firm which collapsed last month. He thought he was safe as his "friend" told him all about the attractive returns that Dunsdale promised its clients, and he was too lazy to make any checks.

Mr Y took another route. He did all his own homework. He looked at the performance of different advisers' funds, asked around for second opinions, and checked whether they were authorised to conduct business. Finally he selected his adviser.

A year later, however, he is wholly dissatisfied because he thinks that they have failed to meet his investment objectives.

The moral is that even if you do put a lot of time and effort into finding a financial adviser, satisfaction is not necessarily guaranteed. Finding a good financial adviser can be hard work. There is no shortage of choice. What should the investor take into consideration when narrowing the field?

■ **Size.** You may feel more secure with one of the big names on the basis that a big bank or investment house is less likely to collapse than a small firm run by a "man and his dogs body".

However, there are exceptions to this rule. Remember that when British & Commonwealth's troubles began, investors with the stockbroking arm were unable to get their money out quickly. Also, size does not guarantee good performance: the big banks and investment houses may only be interested in customers with £100,000 or

more, and as the Investment Reference (who deal with those complaints about investment advisers and managers which cannot be resolved by Imro and Fimbra) will testify, there is no shortage of complaints about the way that some of the big names handle portfolios.

Added to which, some people may prefer to deal with a small investment firm where they receive a more personal service.

■ **Check that the firm you are dealing with is authorised by one of the self-regulatory organisations and has not been recently suspended (although this is not always a guarantee as the Dunsdale case proved - for Dunsdale had recently been**

If the company promises to reach for the sky, the risk is likely to be very high

inspected by Fimbra and given a clean bill of health).

■ **Fees.** A lot of people assume that financial advice comes free. It doesn't. You may be charged fees or you may find that your adviser is remunerated by commission on the products he sells. You should always check how much your adviser receives in commission.

■ **Write any cheques to the investment company rather than to an intermediary or independent adviser.** In other words, if you are buying units in XYZ fund, write the cheque to the relevant fund management group rather than to Mr Greysuit, the financial adviser.

■ **Meet your financial**

adviser face-to-face and grill him. Make sure you understand everything the adviser says and do not be afraid to ask stupid questions or get him to explain one particular point several times if you still don't understand what on earth he is talking about.

If your money is going to be handled on a discretionary basis, it is very important that both you and the adviser should agree in writing about your investment objectives. The more detailed the information you get from your adviser, the better.

A lot of people assume that once they hand over a portfolio to the manager with instructions to restructure it, he will rush to sell everything he may not, because once he has been given discretion he may want to wait for a good opportunity to sell your shares.

What kind of questions should you ask?

Lance Blackstone, partner with accountants Blackstone Franks & Co, has drawn up a checklist for clients who want to know what kind of questions they should ask an adviser before handing over their life savings.

The list is based on advice given by accounting professor Steven Albrecht of Brigham Young University in the US. His advice is to consider the following questions:

■ **Is the adviser encouraging you to part with your money as quickly as possible on the grounds that you "could lose a good opportunity"?**

■ **Does the return depend on a tax loophole? Remember, tax loopholes may be closed quite quickly.**

■ **What kind of proof are they offering of returns? Can they show you audited financial statements?**



■ **Does the return depend on certain economic factors - for example, high inflation - and how realistic is this?**

■ **How keen are you to take risks - would you mind if your entire investment was wiped out?**

■ **Can you make a small investment first or are you being encouraged to put your entire life savings into the wonder fund?**

■ **If you change your mind, how fast can you pull out your money?**

■ **Do you have to pay any fees up front?**

Blackstone says his firm gets about one investment adviser with possibly "dubious creden-

tials" knocking on his door every month or so. "These people usually try to surround themselves with a cloak of respectability by getting accountants and solicitors to lend their names to whatever venture they are planning," he adds.

In one case, an American "adviser" visited Blackstone with a solicitor and started to ask for advice on property deals in the UK.

"It all sounded very fishy: he gave names of people he had spoken to at Hill Samuel (who, it turned out, had only spoken to him on the telephone, but had not given their support to the project). Eventually I tracked him down through a credit agency in the US and found his address was a front and not a real office," says Blackstone.

He says that it is very important to check out financial

advisers as thoroughly as possible, following up the names of any contacts that they drop. In this way, you can check that any accountants and solicitors mentioned really have given the project their backing.

"Common sense never expect you to call their bluff when they drop names because it's usually someone they think you would not dream of ringing up," adds Blackstone. So make a point of getting names and numbers - and call their bluff.

Finally, does the promised rate of return sound reasonable - or is it simply too good to be true? How does it compare with what other firms are offering? Investors in Barlow

Clowes were attracted by the promises of very high returns - and were cruelly disappointed. Just remember, if the company is promising to reach the sky, the risk is likely to be very high.

In need of trustworthy advice? Richard Lambert supplies...

Ten handy hints for the wary investor

YOUR BUSINESS - and goodwill - should be a matter of real concern to your investment adviser. He or she should be awake at night worrying about your successes and failures.

Handy hint number one comes from American author John Rothchild:

■ **Never trust a broker whose suit is worth more than your portfolio.**

The style and location of his offices will give some useful hints about his priorities. David Hopkinson, former boss of the M&G unit trust group, has a golden rule which served him well:

■ **Never put money in a business which has a fountain in the front hall.**

Everyone knows that the higher the return promised on an investment, the greater the risk. Yet this does not stop wide-eyed investors from leaping into dubious schemes without bothering to check the background.

■ **If a used car is twice as shiny and half as expensive as anything else on the forecourt, kick its tyres four times as hard.**

The riskier an investment, the more time you need to spend worrying about it. Bernard Baruch, the legendary American investor, had one piece of advice for would-be imitators:

■ **Don't speculate unless you can make it a full-time job.**

The less your portfolio is diversified, the greater your risk. The Chinese have a proverb:

■ **He who puts all his eggs in one basket will end up with some on his face.**

Investment should be a simple business. The more complicated the proposal, the more suspicious you should become. Another of Rothchild's maxims:

■ **Never buy the June call and sell the October put simultaneously, unless you know what they are.**

And be warned:

■ **The first thing the broker**

recommends will generally earn him the highest commission.

The wary investor will pay close attention to the way in which the salesman presents his case.

■ **The use of certain words in the sales pitch should make you reach for your revolver.**

These include: unique; guaranteed; opportunity; 12.5 per cent compound (or any higher figure).

Another useful hint:

■ **If the salesman sheds a tear, throw him out of the window.**

It is almost certainly trying, as a last resort, to see if you have any better feelings. This technique was known in the training manuals of the late, unlamented Investors Overseas Services as "the Lost Sale Close."

Other methods taught to IOS salesmen included the Alternate Choice Close, the Eliminate the Negative Close, the Similar Situation Close, and the Winston Churchill Close (better known in the US as the Ben Franklin Close, which involves writing the pros and cons of a deal on a piece of paper - with the salesman supplying the pros and leaving the prospect to scribble around for cons).

The final thought comes from the greatest investment writer in the history of the universe, Benjamin Graham, author of the standard work on investment analysis.

■ **Investment is most successful at the way capable businessmen would try to operate on Wall Street with complete disregard of all the sound principles through which they had gained success in their own undertakings.**

His motto:

■ **Investment is most intelligent when it is most businesslike.**

■ **A Fool and his Money by John Rothchild. New York 1988.**

■ **Taken from Do You Sincerely Want To Be Rich?, by Charles Rane, Bruce Page and Godfrey Hodgson. London 1971.**

The hard lessons of change

AFTER five years as personal finance editor of the *Financial Times*, what lessons can I pass on to readers on my early retirement?

There have certainly been some radical changes in the UK during the past five years. Big Bang in the City, London, the introduction of the Financial Services Act; the Government campaign to widen share ownership; the pensions revolution; and a transformation of the mortgage market. In Thatcher's Britain there is much greater awareness about personal finance.

Unfortunately, not all these changes have worked to the advantage of the public. The private investor, for example, is much worse off after Big Bang, and the great stock market crash in October 1987 has stopped the wider spread of share ownership in its tracks. The Financial Services Act is providing precious little protection in spite of the huge cost involved in putting down a new layer of bureaucracy.

Greater freedom and choice may be welcome, but they also make life much more difficult for the man in the street. It is relatively easy to select the right fish from a limited menu, but much harder if there is a plethora of choice.

Some things haven't changed. There are still plenty of wolves, often in respectable clothing, waiting to pounce on the innocent "sheep." It is a sad fact, for example, that it is very difficult to sell products (whatever their merits) that do not provide a hefty commission for the seller.

This applies not only to independent financial advisers; it also affects banks, building societies and stockbrokers. Banks and building societies are particularly guilty, quite shamelessly on occasions "recommending" totally unsuitable products, either through greed or ignorance. And who ever heard of a stockbroker suggesting that a client would do better to avoid the stock market?

Company representatives and agents "tied" to particular groups too often seek to pass themselves off as offering impartial, independent advice, when they are in fact doing

nothing of the kind.

So my first lesson would be to take a cautious, even cynical, view before making any financial decision.

Under the terms of the Financial Services Act you have much greater power to demand information. Do not be frightened to ask about hidden charges and penalties. If you are not told the full facts, you will have a strong case for compensation.

Unfortunately, mortgages - a particularly dangerous minefield - are not covered by the Financial Services Act since they are not deemed to be

taking into account a modest rate of inflation over that period.

You should also remember that pensions do not "save" tax; they simply defer it until a later date.

Personal Equity Plans (PEPs) do provide genuine tax concessions. But they have all kinds of restrictions and charges that make them an unattractive way of buying individual shares.

However, the investment and unit trust versions of PEPs - especially those that have no added charges - are genuinely appealing.

John Edwards, right, who retired last week after five years as personal finance editor of the *Financial Times*, reflects on the many changes over that period and finds that the small investor, although better informed, is still easy prey for the wolves and profiteers of the industry



investment products. So you must be particularly careful.

Nowadays the borrower is in a much stronger position, with a surplus of lenders seeking business and the building societies' monopoly broken. However, there are also many more hidden dangers to go with the wider choice. Is it, for example, really sensible to take out a fixed rate mortgage at present, when interest rates are near, or at, their peak?

Many fixed rate loans include exorbitant early redemption penalties or are tied to taking out expensive repayment plans. Deferred interest and low-start mortgages are especially dangerous.

Pensions are equally hazardous. The rules of thumb are not to let tax "savings" cloud your judgment; and not to be tempted by the telephone-number rewards promised by pensions and other long-term investment products, such as endowment and other life assurance policies.

Just try calculating what, say, £1,000 would be worth over 25 years, assuming that interest is reinvested and compounded annually. Then see what it will be really worth

I am not entirely convinced that investment trusts are necessarily better than unit trusts, in spite of the lower charges. The discount at which investment trust shares trade in their underlying net asset value can widen as well as narrow. And the greater freedoms available to an investment trust fund manager can increase the risk; so can the extra leverage provided by being able to borrow money.

If you are wary about going into the stock market, the safest method is to use regular investment plans where you contribute a fixed amount each month. These have the advantage of pound cost averaging, while protecting you against market fluctuations.

You obtain more units, or shares, when the market is low and fewer when it is rising. For the first-time investor in particular, investment trust savings scheme provide the cheapest, and safest, way of entering the stock market. They are very good value.

Unit trusts are more variable in that they are heavily loaded with charges. You start with a "loss" of 6 per cent or so, and then rely on the skill of the fund

manager to try and catch up. Direct investment in shares is also difficult. Unless you are a real expert and devote a lot of time to picking shares, you have to rely on the advice given by stockbrokers - and their highly-paid analysts. To receive any kind of service and attention from brokers, or specialist investment houses, you need quite a large amount of money available for investment - from £100,000 upwards.

However, a weight of statistical evidence shows that over the last 20 to 40 years the only real way of protecting your savings against inflation is to

invest in shares. Everyone should have a big proportion of their money in shares; the problem is how to achieve this effectively without having to pay too much.

There is no easy solution. It is a question of trust and confidence. The huge changes made in the working of the Stock Exchange have done little or nothing so far to help the small, private investor. Just the opposite, in fact: it is the institutions who have benefited most. So there is a strong case for using institutions to handle your money, while at the same time keeping an eye on the charges.

Banks and banking is the other area in which charges need to be carefully watched. Though banks proclaim constantly the wonderful service they provide, anyone in the real world knows that providing a service comes low down their list of priorities. All too often customers are treated with contempt; and any errors are almost always in favour of the banks.

Forced by public opinion, and competition, to start paying a modest rate of interest on current accounts, they have devised all kinds of hidden charges and penal rates on overdrafts to recoup the interest payments. To anyone concerned about money, I would strongly recommend that the first step should be to check your monthly bank statements with the utmost care. They can be very revealing.

To my mind, small is beautiful when it comes to personal finance, which varies according to individual needs. I believe there is considerable scope for the specialist adviser, charging fees in the manner of accountants or solicitors, rather than relying on commission. For the intelligent investor, this is where the future lies.

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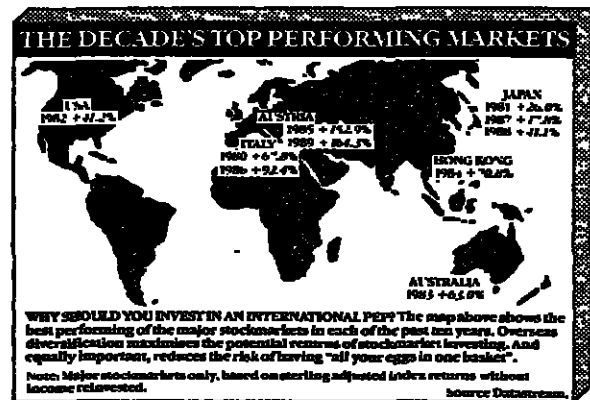
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FINANCE & THE FAMILY

Karl Wiley on the pros and cons of a foreign account

Do you need a bank abroad?

OPENING A non-resident current account in a foreign bank abroad has become fairly simple, but there remain pitfalls for the unwary.

Foreign accounts are convenient because they offer a wide choice of locations and easy access to branches throughout a country. They are much more common than branches of British banks and are useful for people planning to buy and sell property abroad, or for people who pay regular bills on a holiday home.

Approaching the UK branch of a foreign bank is one strategy for opening a foreign account, but big British banks are also prepared to help customers via corresponding links with branches of foreign banks abroad.

No set rules govern the acceptance or rejection of an application for an account. In some countries - France in particular - the decision is based on the business of each branch. Gaining assurance ahead of time will make opening the account quicker.

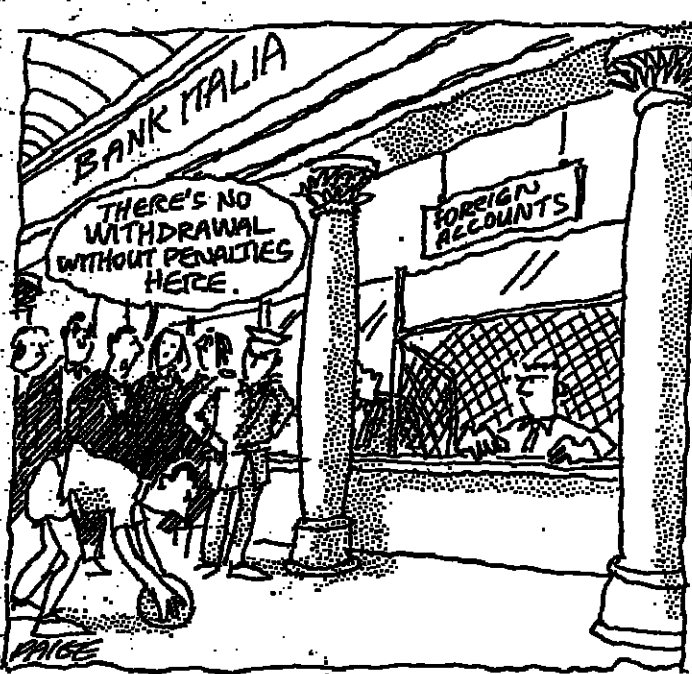
The process is fairly standard. Forms are available direct from the foreign banks or from their offices in the UK, or often via those British banks with foreign links.

Customers send the forms to the target branch together with certified signatures, an introductory letter of reference from their British bank, and sometimes photocopies of relevant pages of their passports.

Some foreign banks also require local letters of reference, a condition that often slows the process. Charges for opening the account are unlikely, but there will usually be a small postal fee and charge for administrative duties, probably around £10.

This increases in relation to the amount of work put in by the banks - for example, if the transaction requires a larger amount of management time because the target branch is not part of a corresponding bank in the UK.

Usually, the process can be completed within a couple of days. Quicker openings are possible, although they will probably incur more fees for



the use of telexes or other electronic mailing processes. One other guaranteed fee will be due for transfer of the initial deposit.

These charges vary from bank to bank but are usually around 25p per £100, with a minimum charge of £3 and a maximum of about £40.

'Foreign accounts are convenient because they offer a wide choice of locations'

While the process is simple, there are some dangers. According to Societe Generale, the leading private sector commercial bank in France, French banks will not keep inactive accounts open indefinitely. If an account remains idle for a certain period, in some cases for only a year, the bank may close it.

If the account has a balance of under £100, the bank may write it off to administrative costs, so the customer will forfeit the money. This may affect accounts used primarily for holidays, if the holder decides

to find a new holiday venue. French banks are also strict about maintaining a minimum balance in non-resident current accounts. There is no set rule. Some require as little as £100, others as much as £1,000. Usually French current accounts are not interest bearing, but savings accounts are available with interest.

In Spain, accounts are available in either ordinary or convertible pesetas. Most customers will opt for convertible, which allows free transfer of funds in and out of the country. However, such an account may only be credited with funds originating outside of Spain, or pesetas which have been designated as convertible by the Spanish exchange control authorities.

Banco Bilbao Vizcaya said that that does not necessarily apply to pesetas generated through property sales in Spain, as long as the money originally used to buy the property originated elsewhere.

An ordinary peseta account is more convenient for money earned in Spain. However, it should only be used to cover expenses incurred in the country, because ordinary pesetas cannot be transferred out of Spain without paying a very

high charge.

Banco Bilbao Vizcaya also offers an interest bearing current account called 'BBV Plus'. Interest is compounded daily and rates vary with the amount of money in the account. For example, accounts holding between Pt250,000 (£1,400) and Pt5m earn 11.8 per cent; those holding Pt5m to Pt25m earn 12 per cent; and those with more than Pt25m earn 12.7 per cent.

Non-resident accounts present no problems in Germany. A spokesman for Deutsche Bank said there was no distinction between resident and non-resident accounts, and there were no minimum balance requirements or required regular transactions. Those interested must simply fill out the account opening forms and provide evidence of identity. The only charges will be those which are standard for transferring funds.

Once an account abroad has been opened gaining access is easy. Businesses in Europe do not require a cheque guarantee card when drawing cash on cheques but will ask for a passport or some other form of identification. Many places in Spain do not even require that. Accounts will also be honoured at all other branches of the bank throughout the country.

For some, it may be simpler to continue banking with their British bank while they are away. Lloyds, Barclays and National Westminster all have branches scattered throughout Europe, and their customers can simply open a second current account in one of them. Their biggest drawback is that there are not many of them. Lloyds, for example, has only two branches in all France. However the presence is stronger in Spain, where Barclays has more than 200 branches.

Even if a British branch is located conveniently, its employees may not speak English and it might not offer the most useful type of account. Also, customers will not necessarily be able to duplicate their British account - especially if it is an interest-bearing current account, which is generally unavailable on the continent.

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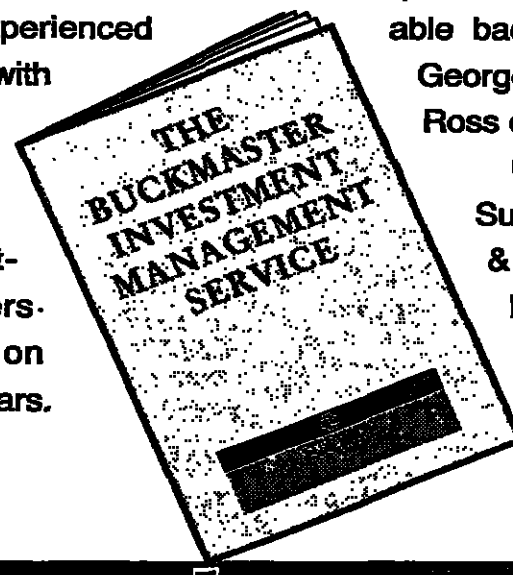
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Tax liability on house in trust

UNTIL December 1988 I was managing director and 50 per cent shareholder of a limited company, in which my wife was also employed. We occupied a service house which in the opinion of the company accountants was definitely job-related. In October 1988 we purchased jointly a house with a sitting tenant and, as on retirement we were provided with a "grace and favour" residence owned by a trust set up from the estate of a friend, we have been able to retain our property as an investment. It is let on a short-term agreement.

1. Should we attempt to protect ourselves against payment of capital gains tax in the event of a future sale by submitting a late claim for exemption, under concession D21?

2. Would my wife also be entitled to exemption, even though the service house was originally occupied on account of my employment?

3. If exemption was recognised, would it be deemed to have ceased from the date of our relinquishing the service house and occupation of our present house?

1: You have nothing to lose by doing so, but we doubt whether the claim will be accepted.

2: Yes, the definition of "job related" includes spouse's job.

3: Yes, but letting relief might be available under section 80 of the Finance Act 1980 (as amended).

The essence of CGT

I UNDERSTOOD, erroneously, it would appear, that the only items which are not subject to capital gains taxation are owner-occupied houses and one's own motor car. Items such as diamonds, paintings, objects d'art etc are subject to CGT and therefore, by hypothesis, losses can be offset against any gains. Am I right?

1. Tangible movable property (a chattel) with an expected useful life of less than 50 years and is exempt from capital gains tax by virtue of section 127 of the Capital Gains Tax Act 1979, in conjunction with section 37. (This exemption does not apply to commodities dealt in on a futures market.)

Machinery and private cars are exempt, no matter how long their expected useful life, by virtue of sections 37(1)(c) and 130, respectively. (This exemption does not apply to single-seater cars.)

Losses on tangible movable property with an expected useful life of more than 50 years on the day of sale are

restricted by section 129(3) of the CGT Act 1979, as we mentioned. This subsection says that: "For the purposes of computing under this Act the amount of a loss accruing on the disposal of tangible movable property, the consideration for the disposal shall, if less than £5,000, be deemed to be £5,000 and the losses which are allowable losses shall be restricted accordingly."

Since you specifically mentioned owner-occupied houses, perhaps we should explain that they only enjoy limited relief from CGT - not complete exemption like chattels and other exempt assets such as qualifying corporate bonds (including gilts and securities) as defined in section 64 of the Finance Act 1984, as amended.

For example, section 103(3) of the CGT Act 1979 says that the exemption for owner-occupied houses "shall not apply in relation to a gain so far as attributable to any expenditure which was incurred, partly for the purpose of realising a gain from the disposal."

Judging from our postbag, people who spend money on their homes and gardens in the hope of eventually more than recouping the expenditure when the time comes for them to move (or to sell part of their garden) do not always seem to realise that they face a potential CGT bill, although the law was changed to catch such cases over 20 years ago (in the Finance Act 1968, to be precise).

Rules for rentals

I PROPOSE to rent a residential house through a letting agent. I am required to give one month's rent as deposit, to be held by the letting agent and to be refunded to me within 30 days of my vacating the rented house. Can you tell me:

1. Is the letting agent required by law to keep separately on client accounts all such deposits received by him? (Like a solicitor or estate agent.)

2. Can he mix such deposits with his own monies and use the money for his other businesses?

3. Is he required to pay - and if so how much - interest on the deposit held by him?

1. The letting agent appears to be carrying on estate agency work within the meaning of that term in the Estate Agency Act 1979. He would accordingly be bound by the rules governing the placing of money in a client account under that Act and the Estate Agency Regulations made under it. Your

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

questions can therefore be answered: 1. Yes; 2. No; 3. This will depend on the amount of the deposit, but any interest payable will be that which is actually earned on the deposit account.

Poll tax on empty flat

I OWN A flat in a London borough which I was letting out while living in rented accommodation in the same borough. I had therefore registered for the poll tax at my rented address while the tenants of my property registered for the poll tax at that address.

The tenants were planning to move out and I was to move in, and would have informed the poll tax registration office accordingly. However, recently there was a fire at the flat, making the flat uninhabitable until refurbished, so I have to stay at the rented address.

Am I liable to pay the poll tax at my rented address as well as the standard charge while the flat remains empty, or is there any concession for uninhabitable properties?

1. You will not be liable for a community charge or standard charge on your own flat for three months if you notify the Community Charge Officer of the property's being vacant and the reason why it will stay vacant for a while.

No claim on bankrupt

I RECENTLY learnt that five years ago my son became bankrupt. He did so at his own request, having found himself unable to repay a loan of about £7,000 which he had borrowed from his bank for personal expenditure. Now, five years having elapsed, he has been given an automatic discharge from bankruptcy, which indirectly is how I came to hear of it.

My wife and I are both in our 70s and in our wills we have left our estate equally to our son and daughter. I am concerned to know whether or not the bank will have a legal claim on the money which my son will inherit.

1. The bank would not have a claim on your son, even if he inherits a substantial amount of money.

Garage is safe

SOME 17 years ago I had an integral garage built by my then neighbours. I had no complaints. About 15 years ago new neighbours moved in. A few days ago they told me that I would have to knock down my garage as it encroached six inches on to their land. Can I be made to pull the garage down after this length of time?

1. No; you cannot be made to pull down the garage, even if it did encroach on your neighbour's land. You will have acquired a "squatters" title by adverse possession of the land for over 12 years which your neighbours might originally have had to the area which they now claim.

Joint name advantages

OUR HOME is at present in my name only. We have been considering putting it in joint names, but recently in Q&A there has been numerous references to tenants in common.

1. Could you explain the differences and possible advantages?

2. Is it possible to achieve the change without a solicitor?

3. Is there a book available on the subject?

1. It is possible to achieve the change without a solicitor. One joint tenant writes to the other(s) stating that he or she "hereby severs the joint tenancy between us of (describing the property)". A short statement of the legal differences may be found in student's textbooks on real property law eg Megarry & Wade's *Law of Real Property* (5th Edition).

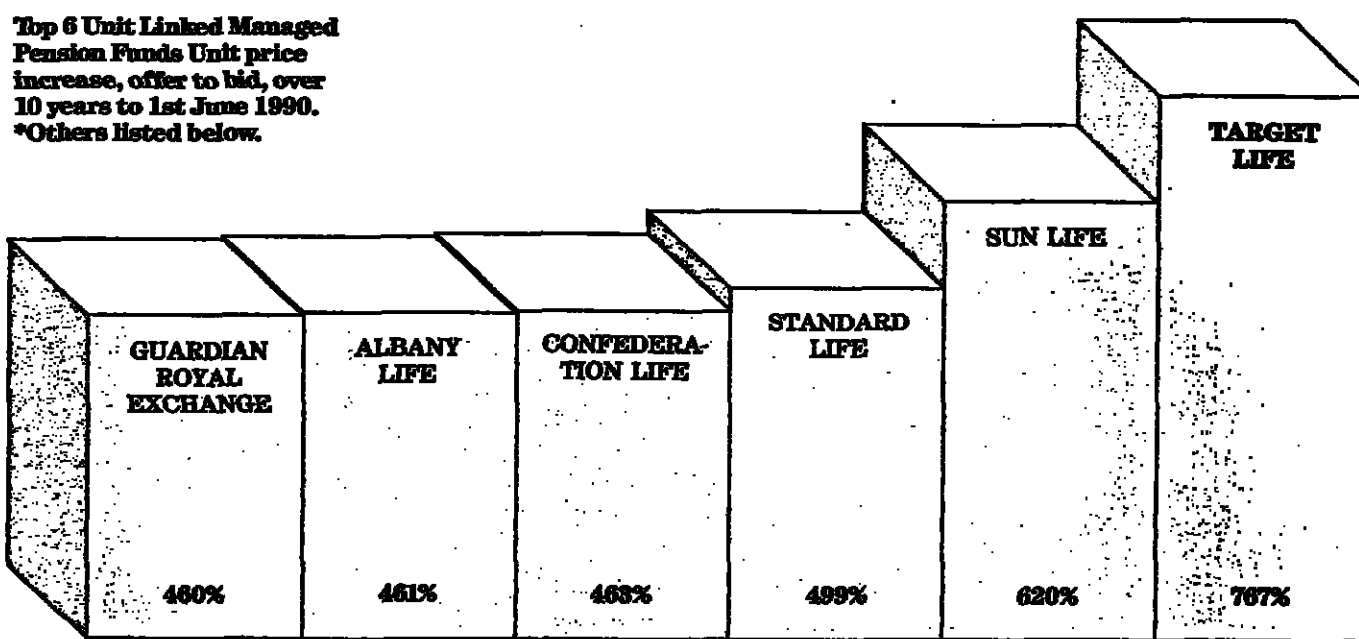
In summary the difference is that under a joint tenancy the whole beneficial interest in the joint property accrues automatically to the survivor(s) on the death of one joint tenant. With a tenancy in common the legal title accrues in the same way, but the beneficial interest will pass as directed in the will (or under the intestacy) of the deceased tenant in common.

Felled by a tree

THE WIND has blown down a tree owned by the county council and damaged my garden wall (which is insured by me). Is the county council liable for the damage?

1. If the tree cannot be shown to have been unstable before the storm which brought it down, and assuming that it fell in one of the unusually strong winds, the council would not be liable. You would need to claim on your own insurance.

If you are about to invest in a pension, make sure you look at long term performance.



Over 5 years to 1st June 1990, the Target Managed Pension Fund unit price increase, offer to bid, was 77%. Source: Micropal Ltd 1989.

*Other managed pension funds unit price increases are: Save & Prosper, 410%; Hill Samuel, 389%; Allied Dunbar, 375%; Equity & Law, 368%; London & Manchester, 365%; M & G Pans, 355%; Prudential Holborn, 345%; Barclays Life, 340%; Legal & General, 337%; Property Growth, 327%; Cannon Assurance, 289%; Laurentian, 278%; Standard, 276%; Abbey Life, 274%; MI UK, 272%; Stalwart Assurance, 265%; Naxos, 261%; City of Westminster, 225%.

When you invest in a pension plan, you are investing for the future - you expect to benefit in at least ten years, maybe twenty, if not more.

What happens in the short term is not as important as what happens in the long term.

With the Target Managed Pension Fund we have proven ability over the long term. Not that our short term performance is lacking (in fact, over the last few months we have consistently been in the top group of performers) but, like any investment, there are occasions when unit prices can go down as well as up. The Target Fund, for example, suffered badly in the Stockmarket crash of October 1987. The real test of any management group is how well it can respond to such events.

At Target we undertook a thorough review of the Fund's investments and revised our investment strategy, so that the portfolio now contains an actively managed selection

of larger company stocks from world markets. The Fund can invest in UK and overseas companies, fixed interest securities, property and in secure bank and cash deposits.

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Pensions are one of the most important investments for personal and corporate financial planning. If you are self-employed or the director of a private company, you will no doubt know all about the tax advantages of investing in a pension plan. But if you have any questions, we will be only too pleased to answer them.

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To find out more about the Target Managed Pension Fund, we recommend you consult your Financial Adviser. If, however, you wish to contact us direct, just complete the coupon below and send it to National Financial Management Corporation, the Target Group company that deals directly with clients.

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PERSPECTIVES

Aiming to be on top of the world

Richard Cowper describes a climbing challenge

THE LAST time Doug Scott saw the spectacular North Ridge of Latok I in the Rakhiotani Himalayas was 12 years ago - just after he had spent a week in a storm crawling off a nearby mountain with two broken legs.

The incident has gone down as one of the epic descents of Himalayan mountaineering and few doubt that a less tenacious and physically strong man would have perished in the attempt.

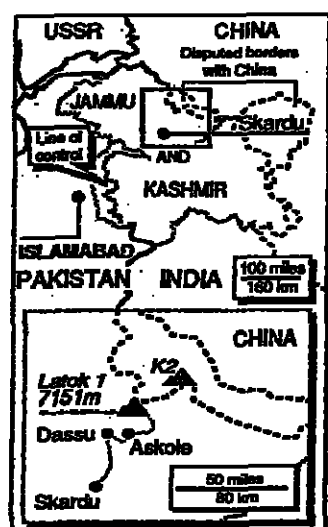
But why is Scott going back after all this time to a place that holds such painful memories?

"I first saw it (the North Ridge of Latok) in 1977, this amazing skyline which soars into the sky. It just pulled your eye," says the long-haired, bearded - almost "hippyesque" - doyen of British mountaineering with a twinkle in his eye behind the John Lennon glasses.

It is not simply the ridge's stark beauty that has drawn the Nottingham climber back to Latok in the Karakoram range. In the last decade and a half, a host of the world's top climbers from America, Norway, Britain, Italy and France had tried to make it to the top. All have failed, and not a few of them miserably.

Latok is not well known to the general public, but along with the North East ridge of Everest, the West face of K2 and the West face of Makalu, it is the new route elite mountaineers covet the most. "If we do it, Latok will be one of the hardest things ever done in the Himalayas," Scott says bluntly.

At 23,440ft, it is not particularly high, but the climbing is technically harder for longer than on any of the routes. It is a near-vertical 8,000ft ridge of rock and ice, there is nowhere to put up a proper tent and the climbers will have to spend at



least two weeks hanging from the face at night or in tiny wedge tents tied precariously on to the rock.

"The calibre of people who have gone at it and never managed it has led to the ridge acquiring an extraordinary mystique. It looks so hard, it's almost ludicrous to think of climbing it," says Rick Allen, the wiry pale-faced climber from Aberdeen who makes up one of the five-man alpine style group led by Scott which hopes to climb the peak some time this month.

Perhaps the most famous climbers to attempt the route were Michael Kennedy and Jeff Lowe, two of America's top mountaineers. In 1977 they reached about 23,000ft after 20 days on the mountain, but were forced to abandon the attempt when a six-day storm trapped them in a snow cave and Lowe became very ill.

Says Kennedy, "If Jeff had not been sick, so that we feared for his life, we might have made it. We were just a couple of hundred feet from the summit ridge. But we were carrying too much gear. We were



The region of the climb and a view of Latok I's north pillar

competition brigade, but it packs a depth of commitment to climbing long difficult routes that is not easy to beat.

In addition, the 27 year old Simon Yates, already a legend in mountaineering circles for having been forced to send his friend to almost certain death after a superhuman effort to save him, was invited to join the team at the last minute. He brings a youth and verve to the team that may just prove inspirational.

And if Rick Allen and Sandy Allan get the bit between their teeth, as they recently did on Pumori in Nepal, they are a partnership hard to better. They climbed a new route on the steep ice South Face in six days with five continuous bivouacs and almost no food.

Lastly, friends say Scott's appetite for a big challenge remains undiminished, that he is climbing as well as he ever did, as his fourth attempt to climb Makalu last year shows. The British Latok expedition is sponsored by Inspectorate - OIS, a member of the Brompton Group of Companies.

Back to School

A return to Yorkshire and mortality

I USED to say "Res non verba" on the badge of my blazer. "Deeds not words," a motto which always struck me as slightly odd for a grammar school where the importance of language was implicit in the name.

Deeds counted for everything and words, nothing, when the school was dissolved in the comprehensive surf in 1975. The name and the teaching elite were creamed off to form Wheelwright sixth form college in another school building.

Wheelwright, the building, became the home of Birkdale High school which clung like a hermit crab in a decaying shell until it was washed out when three years ago, the surf brought a second wave called tertiary education.

This time the college itself was also enveloped, though the name survived, restored to the old building, now called the Wheelwright Centre, devoted solely to art classes within Dewsbury's tertiary system.

The tertiary college is where pupils from age 16 to death can get some kind of education. A-level pupils with Oxbridge aspirations mix with apprentice plumbers and trainee nurses. An equestrian studies class is provided for those that way inclined.

There were times, back in the late 60s, early 70s, when grammar school study seemed like horsework. Wheelwright, then, was a traditional school,

where boys walked on the left, called each other by their last names and occasionally bent over for six of the best. It was not public school traditional. A fag was something you smoked behind the bicycle sheds.

In a textile town like Dewsbury, West Yorkshire, in the heart of the industrial north where many boys came from families that could hardly afford the uniform and could never have dreamed of paying for education, the Wheelwright could offer a glimpse of Oxbridge spires. For some they became reality. We were the top 20 per cent in the town, or so they told us on day one.

Fifteen years on, walking through the Gothic arched entrance, it was reassuring to find the roll of honour from the First World War where it should have been, by the side of the door. Former teachers and old boys return every year to lay a wreath. My personal set of remembrance, however, was cruelly shattered by the sight of builder's dust and flaking paintwork in the corridors beyond.

The library, the scene of many happy hours of reading, doodling, and defacing the cartoons in Punch, was a gloomy storage space piled high with dirty workbenches.

Classrooms had been stripped bare. The one-piece chair and desks, made from wood and steel and constructed to inflict the greatest discomfort, were gone. All that time spent carving my initials. Inst-



In front of the class: FT journalist Richard Donkin

mations of immortality, wasted.

Here was B5, the class where "Bert" Thorpe, one of the younger English teachers, had encouraged us to write from our own experience, where we read Keith Waterhouse, Stan Barstow, Brendan Behan and Alan Sillitoe and used swear words in our essays for authenticity.

Thorpe was one of Wheelwright's anti-heroes, one of the angry young men in sports coats and slacks who contrasted with the older elite in their black gowns, signifying degree status: like Marlon Brando and Mr Chips.

Everything had changed. Was this photographic dark room, really the music room, where we were regularly obliged to deliver pubescent renderings of a song about three crows that sat upon a wall on a cold and frosty morning? The hall, where close-on 400 boys once met for morning assembly had been painted black to make a studio. The parquet tiles, once so highly polished, were chipped and dulled by dirt.

Assembly had been the morning ritual where boys waited, seated, holding thick red hymn books. The organist drowned out the frequent dull thuds as books connected with backs of heads. It was always the same. The head entered, we all stood, football results, cheers or groans, then a bible reading while we studied the veins on the backs of our hands, followed by the Lords Prayer and a swift verse or two of "He Who Would Valiant Be." Half of us sang and half mimed with all the expression of

freshly caught haddock.

I could never rectify "Give us this day our daily bread" without conjuring an image of a Mother's Pride loaf in its red and waxed paper wrapping. It was part of the staple diet among Dewsbury's working classes.

The head's office is a magazine library now. This was the room in which those truants who had sneaked off to watch Leeds United play an

Richard Donkin returns to his northern alma mater

afternoon game in the European Cup were told to line up before the headmaster. At the end of the line, had been "Fritz" Benton, the German master, an old school disciplinarian and football fanatic who had deserted his post for the love of the game.

It was those occasional human glimpses that welded an affinity with teachers. The best of these had been the time that the head decided something had to be done about the new French master, a UFO enthusiast who had set up an Investigators Club to study the paranormal.

An institution founded on respect for one's intellectual superiors did not appreciate a teacher who spent the night with a party of boys on an exposed hilltop waiting for a close encounter of the third kind. It was a cloudy night. Unforgivably he attracted

public ridicule for the school when he encouraged a boy to send his flying saucer photograph to the local newspaper. Afterwards the boy confessed that the UFO had been a plate from his mum's dinner service.

All the masters were gathered in the staff room when the offending teacher walked in. The head instantly announced the meeting was to be reconvened in the neighbouring art room. The French teacher went first whereupon the others turned on their heels, locked the door and went back to their meeting.

Memories seemed formless without the staff who had made the school. Most are now retired. A few remain, making the best of tertiary. It was the end of term; the place seemed soulless and decrepit. Then, among the powder paints, clay bins and easels I found a survivor, a Wheelwright Robinson Crusoe, walking the desolate corridors.

Robert Donald, my art teacher, had changed little apart from a whitening of the hair and thickening of the waist. Asked to compare and contrast the grammar and tertiary systems in not more than 500 words he did not even reach the pencil-chewing stage.

"People refer to me as Bob now, something I accept but it's not something I like. There is supposed to be equality with the students but as far as I am concerned I am a damned sight more equal than them."

It was never a perfect school, but it was a good school with good teachers. They were happy days.

Despatches

It's all change in Rio

Christina Lamb gets to grips with Brazil's currency

THERE CAN'T be many places in the world where one can buy lunch and get back more change than one paid. I thought on my first day in Rio. By my reckoning, if I paid 3,000 cruzeiros for a meal costing 2,778, then I was owed 221. The first two notes in the sheaf of change the waiter brought me were each worth 100 cruzeiros although, confusingly, one was for 100 cruzeiro novos.

It was when I picked up the next two that I thought my luck was in. Each was for 10,000 cruzeiros. As for the remaining 10 notes, they were clearly for 100,000 cruzeiros. So on my initial outlay of 3,000 I had apparently got back 1,000,000. Surely some mistake.

But no I hadn't got carried away with the local *caipirinhas*. Nor was inflation so hyper that money had devalued in the five minutes between paying and receiving change. Brazil is surely the only country in the world with four currencies all circulating at once. As a result of four economic plans in as many years, each bringing in a new currency, devaluing but not replacing the old, there are old cruzeiros, cruzeiros, new cruzeiros and cruzeiros all in operation.

The trick is to remember that a cruzeiro equals one new cruzeiro equals 1,000 cruzeiros equals 1m old cruzeiros - or more simply the smaller the note the greater the value. A new cruzeiro, by the way, is worth little more than a cent. So a cup of coffee in old cruzeiros will set one back 20m, which can be disconcerting.

It can also give one a feeling of power over one's spending. When I buy my morning papers I can choose to spend 150 cruzeiros or go wild and splash out 150,000 cruzeiros or even 150m old cruzeiros on the same thing. But the choice adds a whole new element of uncertainty to monetary transactions as there are so many permutations in how one receives change.

Brazilians are good at it. While on the bus, I fumble for

the right combination of thousands and tens of thousands cruzeiros and cruzeiros, while 10 Brazilians will pass by, sorting out the cruzeiros from the cruzeiros, old and new, with a deft flick of the wrist.

"Ten years of high inflation has made every Brazilian an economist as well as a football trainer," says Ibrahim Eris, head of the Brazilian Central Bank, who claims he has even heard taxi drivers discussing how M4 is operating and maids fretting over liquidity levels.

But it is hard for ordinary Brazilians to feel much control over their money since March 16 when the new President Fernando Collor announced he was freezing 80 per cent of bank deposits over \$500, or "kidnapping money" as the banks prefer to call it.

Those new cars and holidays just have to wait, although by the time the money is unfrozen in November 1991, it is unlikely to be worth much. Just to increase his mark, Mr Collor was responsible for introducing the latest currency, although he was apparently not imaginative enough to think of a new name. But Brazilians find a way around everything, and Sunday papers carry adverts offering to liberate blocked cruzeiros "judiciously."

If the different currencies circulating did not cause enough confusion, there is inflation which, while not quite back to hyper like last year's 1,300 per cent, still means prices double overnight and restaurants insert pencil-written sheets of the day's prices inside the menu.

In fact, low inflation in Brazilian government terms seems



to mean prices go up but wages - and dollars - do not. To be strict about it there is not just one inflation. Brazilians like to have the most of everything so naturally they have 16 different measures of inflation.

But it keeps everyone happy. The Government uses one measure which discounts inflationary items such as rents and clothes; the unions use another which does thus prompting them to demand 165 per cent pay rises; and business use yet another enabling them to increase their prices.

Of course things are not as bad as they were in February when inflation was 73 per cent for the month, and money earning 3 per cent interest a night. Then the average Brazilian family was spending two hours a day managing their finances and companies were earning far more from financial speculation than through their business.

The down side was, and remains, the impossibility of setting yearly forecasts or even

monthly budgets when no-one has a clue what interest rates will be. As many as half the staff of an industry are taken up with managing the money, although during hyper-inflation financial speculation was often more lucrative than the core business. Luis Belalala, president of the engineering company Cobrasma, showed me his daily balance sheet - or rather sheets. There were 10.

The company had no idea how much interest would be on what they owed, nor in outstanding debts to them, nor what suppliers would charge nor what they would be able to charge so the variants were endless.

As for the banks, they could not complain before because they were making a killing. Unibanco, for example, made net profits of 97.3 per cent last year. Now, forced to behave like real banks, they are laying off staff. Their complaint is the Government freezing of savings means they have to keep two balance sheets for every client - one in blocked cruzeiros and one in the new cruzeiros.

To add to the confusion, the Government is obviously running out of things to put on banknotes. Having gone through the whole gamut of painters, scientists, ecologists, hydroelectric plants and aqueducts we are now onto Indians and fishes.

As for the unfortunate Brazilian football team, they will probably have to wait another four years for an opportunity to grace the back of a cruzeiro or cruzeiro. But many economic plans may be introduced in the meantime.

An archive celebration

THE ROYAL Literary Fund, which exists to give financial help to authors in difficulty, is celebrating its bicentenary. The fund's archives covering the years from its foundation until 1915 have recently been deposited in the British Library. To commemorate the occasion the library is displaying some of the more interesting documents at a tiny exhibition in the manuscript salon in the British Museum, Great Russell Street, London, until September 9, admission free.

With conspicuous exceptions, authorship has seldom been a well-paid occupation. In few other professions is there such a mismatch between merit and reward, and there are no pension schemes. At the time when the founder, David Williams, first started pressing his richer friends to do something, the debtors prisons of England contained several talented and respected writers broken down by old age, illness, and misfortune, and there were many others set to follow. It was the avoidable and well-publicised death in prison of one of his literary friends which finally caused the subscriptions to flow in.

Nevertheless in its early days the fund showed what good it could do. It gave money to the widow of Robert Burns and to relatives of Thomas Gray, Oliver Goldsmith and James Boswell, all of whom had made their families share the price of their genius.

By the time the Prince Regent lent his name, the fund had become a well established institution, supported by a noblemen, bankers and businessmen. In Victorian times the main source of income was an annual dinner when a distinguished guest would be invited to speak.

In the 1840s the fund began to demand detailed information from applicants about their literary careers and their writings. Since most journalism was then anonymous, the fund's archives enable the minor writings of famous authors to be confidently attributed. At the same time, the fund required applicants to obtain letters of sponsorship from established literary figures. The archives as a result contained letters from the successful as well as the unsuccessful.

But if the increased bureaucratisation helps present day literary researchers, it was

objected to at the time. Novelist Charles Dickens led a campaign against the committee, pointing out that the administrative expenses of the fund were 45 per cent of its disbursements. Changes were made in time for Dickens's eldest son, editor of a literary journal for 25 years, to receive the fund's charity when he hit hard times in the next generation.

More recently the fund helped Joseph Conrad, James Joyce, and D H Lawrence when they were financially desperate, as well as Bram Stoker, author of *Dracula*, and E Nesbit, of *The Railway Children* whose books still sell by the thousand.

The finances have benefited hugely from legacies of royalties and copyright from, among others, Rupert Brooke, the poet, and writers Arthur Ransome, A A Milne and Somerset Maugham. Which is just as well for there is no sign of a falling off in the needs. In 1988-89 the Royal Literary Fund disbursed nearly £170,000 to 65 beneficiaries. Although the names are rightly kept confidential, we can expect to be surprised again when the next batch of archives are opened.

William St Clair

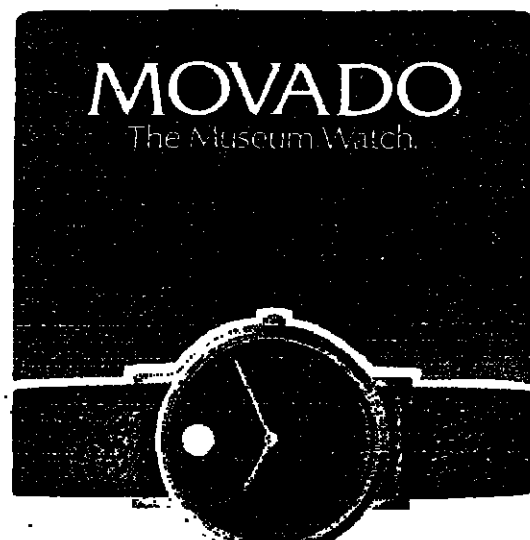
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FOOD & WINE

Jancis Robinson enthuses over Austria's wines while Nicholas Lander tucks in to meals, snacks and, of course, cakes in the country's capital



A taste of old Vienna which can still be had today

A long tradition inspires Vienna's love of eating

IN ANY profession the grass always seems greener on the other side. Running a restaurant in London I had imagined that restaurants in Vienna would never be short of customers. In the days of the Cold War there would be spies and, now that the East is openly talking to the West, plenty of businessmen or generals, as well as United Nations delegates to fill the tables.

Naturally it could never be that simple. Spies presumably would only want quiet corner tables - and any restaurant, however successful, has only four of those - and a dinner to celebrate the signing of a treaty could easily be cancelled at the last minute and the generals reduced to beer and sandwiches.

In fact, for a Viennese restaurant, spies, generals and peace talks are just the "icing on the cake" - what makes Vienna different is the Viennese love of eating. And this love of eating can easily be enjoyed by any visitor.

Apartments in Vienna tend to be small and the Viennese tend to be unmoved by home improvements, watching videos and personal computers. Dinner parties are seen as less necessary than they are in the UK. Much easier to meet, eat

and drink in Vienna's many bars, cafes and restaurants. This love of eating has also spawned a vocabulary. *Jause* is the Viennese term for the interval snack, in which so many indulge and which are so useful to the visitor. The most commonplace sight is the small sausage stands which dispense a wide variety of hot sausages with bread and mustard for Sch25-30 (£1.25), but their ranks have more recently been joined by plenty of pizza stands.

More original is the *Buffet Trziesniewski* opposite the Café Hawelka in Dorotheergasse, right in the centre of the city, where they have reinvented the sandwich. It looks like a 1930s railway buffet and very standing up. Behind the counter there is a vast array of open sandwiches.

The big difference is that as they are made the sandwiches are cut into three, and you move along the counter ordering a third of each different type of sandwich, which cost Sch7 each. Four different thirds make a very good *Jause* but there were students coming in and ordering eight to 10 as an interesting, cheap lunch.

Coffee, pastries and cakes are the more common snack and the coffee houses continue to prosper, although they may

now be full of tourists - Japanese, Italians, Germans and Americans in particular - rather than Austrians.

The Viennese passion for cakes was brought home to me when I walked into my room at the Plaza Hotel. On the table was a delicious lime-glazed *rumbarb* shortcake, big enough for four, as well as the recipe for the cake in both English and German. And in no other city could a dispute over the issue of the term "original" - the apricot jam; and whether the sponge should be sliced. At stake were principles, obviously, but also big business. Every day the Hotel Sacher makes 2,000 *sachertorte* (3,500 a day at Christmas, Easter and on Mothers' Day) and uses 6,000 fresh eggs a day for the sponges. Every day, DHL, the courier service, calls at 8 am, noon and 4 pm to take *sachertorte* around Europe and the hotel guarantees to have one of its cakes delivered to your apartment in Manhattan within 48 hours.

In spite of the distractions of

sausages, sandwiches and cakes, the Viennese preference at meal times is still for the more traditional meals, often starting with soup, and for generous helpings. These dishes can be most easily found in the city's traditional restaurants and among the best are: Bei Max (tel: 637359); Lammerei (513100) where I had a wonderful bowl of potato soup; Wein-Comptoir, which offers a particularly interesting range of Austrian and imported wines by the glass; and Oswald and Kolb, the artists' cafe which is only open in the evening (512137). You will pay Sch200-250 for three courses in any of these restaurants and not leave hungry.

For their inspiration these restaurants look to the past. There is however a new, lighter approach being brought to cooking in Austria and Vienna is ideally placed to show this off. The emphasis in gastronomic circles everywhere today is on regional food and as Vienna was for so long the capital of an Empire that was no more than a collection of disparate regions it has continually drawn on these regions for its produce and its best chefs.

Most of these chefs have traditionally come from Bohemia - the *oster schmeisel* was imported from Milan in the early 19th century and there are interesting dishes to be found in the provinces of Carinthia and Styria, close to the border with Italy.

The two restaurants in Vienna displaying this type of cooking at its best are Koro (51516546) and Steirerack (7133169) which means "a corner of Styria". Steirerack has much in common with La Tour d'Argent in Paris; both are close to the river and both have exceptional wine cellars to walk around. My advice, should you be lucky enough to eat at Steirerack, is to visit the cellars after the cheese and before the dessert with a small glass of Styrian *Pöble* Williams.

This small exercise may prove necessary not because the food is at all heavy but because it is so good that it is difficult to resist. The bread is

MUD STICKS, even when it is dissolved in wine. One of the harder accounts ever allocated to a public relations agency must have been that for the wines of Austria just after what the tabloid press (inaccurately) called "the anti-freeze scandal" and what the Austrians themselves more circumspectly now refer to as "1985".

In fact the substance illegally added to so many Austrian wines to make them seem ripe was diethylene glycol, not the ethylene glycol found in antifreeze, but it was still illegal, potentially harmful and has apparently succeeded in putting the world off Austrian wine almost completely. In the first half of the 1980s Austria's wine exports averaged well over 40m litres a year. Since the debacle of 1985 they have never managed to persuade foreigners to buy more than 4.5m.

The commercially all-important German market, which in 1984 absorbed three-quarters of total exports, more than 30m litres, and too often unscrupulously blended it in to "German" wines, has imported only about 2m litres a year since.

The scandal left Austria's honest majority of wine growers - and there are 33,000 of them - with an enormous problem. They could not possibly adopt the blistering strategy being essayed by Chile in the wake of its scandal, centred on sorbitol (illegal, harmless and limited to as far as we know to a handful of companies).

Something radical was called for and something radical has been achieved - something even more radical than the snazzy abstract labels and self-consciously tall bottles now being adopted by so many Austrian wine producers. Forget dindie; think pastel crayons. The scandal has clearly impelled the best of them even faster towards the goal that in some cases was already in place before the dishonest minority brought Austrian

The vintners fight back

wine into disrepute.

That goal - of producing world-class wine - is now easily within sight. And, happily, many of Austria's best wines are unique to Austria, rather than being the usual reworkings of formulae successfully applied elsewhere.

That is not to say that such reworkings as there are have not been rapturously received by Austria's own numerous and growing band of connoisseurs, who learnt in 1985 to pay a decent price for good quality. At Vienna's recent Vinova international wine fair - blessed with warm pretzels and distinctly superior tasting glasses from Austria's pioneering glass maker Riedel - each day's allocation of barrique-aged Chardonnays such as Bründlmayer's and Mantlerhof's, everybody's darling, quickly disappeared down Austrian throats.

Equally popular with the natives are well-made Cabernets such as Römerhof's and even Cabernet-Merlot blends as achieved by Mahner - all of them keenly displaying the new French oak bought to house them. But the more classical wines are just as much in demand. Perhaps the single wine style of which Austrian connoisseurs are most proud is Riesling (no longer known here as Rhein Riesling) from the Wachau. Dr. Walter Kutschera, one of Vienna's most respected wine experts told me ruefully that even he had to reserve good Rieslings when they are still in cask to be sure of getting a few bottles.

At the wine fair Franz Hirtzberger looked nervously over his shoulder as he poured me a sample from one carefully hoarded bottle of his justifiably prize-winning Singereidel 1988 Riesling. Like some of his neighbour F X

Pichler's, this wine demonstrated awesomely the characteristics of top quality Wachau Riesling, called *Smaragd* and *Federseele* categories. It was extraordinarily ripe, concentrated, off dry and showing a mineral undertone that might remind palates more used to German wines of the Charte Rieslings of the Rheingau.

Dr. Michael Prünay, editor of Austria's wine magazine *Falstaff*, proudly described the Rieslings from this dramatically craggy landscape to me as "at least the same expression as the best Alsace Riesling but with a degree or two less alcohol."

In general Austrian wines have a degree or two more alcohol than the German wines with which we naturally tend to compare them, averaging about 11 degrees, and there is another important difference. In Austria today only the highest quality commercial reds are sweetened with unfermented grape juice in the German manner. The branded wine Schluck, for years Austria's wine ambassador to Britain, was specially sweetened for the British market.

The style the Austrians themselves relish is naturally dry and quite high in acidity (although not as refreshingly high to my taste as the best Upper Mosel wines). Post-glycol, Austrian authorities rushed through a fiendishly rigorous new Wine Law so complicated that some producers have now opted out of the system of special picking permits and so on required for Prädikat wines such as Spätlese and content themselves with the lower Qualitätswein status and a stiff price to indicate noble intention. Just like the famous *vin de tavola* of

the Italians who supply so much of the red wine so beloved by Austrians. Austrians domestic production is 19 per cent, but it is mostly in Burgenland close to Hungary; their consumption 30 per cent red.

This puts pressure on the prices of their own reds, most of which carry names utterly unfamiliar to non-Austrians but some of which can be far more exciting than those rather mincey Cabernets. Blaufränkisch, the Limberger of Germany and Ektankos of Hungary, is Austria's most noble native variety as wines such as Römerhof's barrique-aged 1988 demonstrate. The 1986 Blaufränkisch from Triebsamer of Rust has passed into Austrian wine mythology. But Zweigelt can also be extremely good in a refreshing Dolcetto sort of way, provided it comes from low-yielding vines, as demonstrated by a 1987 from Umhausen, and St. Laurent can provide a wonderfully soft red wine.

All this means a resurgence of Fassbinders, not film-makers but, literally, barrel binders or coopers who assemble oak, usually Austrian for indigenous grapes and French for Cabernet and Chardonnay. Austrian reds have recently softened in style thanks to Austria's winemakers' perhaps overdue mastery of the second, malolactic fermentation (still extremely rare for whites) and have deepened in colour.

Whites have, inevitably, become more international but there are encouraging signs of individualism. Edwin, one of the three skilful Jurtisch brothers of Weingut Sombhof, whose whites are excellent, lamented: "It's terrible. We're in a French period at the moment where we call Weissburgunder Pinot Blanc and so on. I look at my Chardonnays. The 1988

may be an international wine. The 1989 is Austrian!" The amount of new oak used had been halved and it was now possible to taste the fruit rather than char and vanilla on a wine that cost the equivalent of 25 at the cellar door, before Austria's heavy beverage and alcohol taxes and 20 per cent VAT.

According to Dr. Prünay "what we Austrians like in our wines, fine acidity, stops our Chardonnays being fat." I certainly came across no fat wines on my recent trip to Austria. The Sauvignon Blancs and the Cabernets tend to be a little on the skinny side, but the country's own spicy white grape Grüner Veltliner is a delight at half the price of Chardonnay - aromatic, peppery and sometimes fiery wines that can age surprisingly well. And Austria has more surprises such as Neuburger and Mantlerhof's extraordinarily rich Roter Veltliner, headily reminiscent of a top late harvest Tokay from Alsace.

And then there are the famous deliberately sweet wines, notably from Rust in Burgenland. It is perhaps not surprising that many examples from the particularly ripe vintage of 1981 are still commercially available in Austria. Oddly enough only 25.49 for its Rustur Trockenbeerenauslese 1981 and at that price it is a bargain. Its much-prized counterpart coaxed from the same vintage and location of Weissburgunder by Holzer is quite stunning and Alfred Gabriel's 1981 Blaufränkisch Ausbruch (Austrian Assu) also showed that we are wrong to let the anti-freeze phantom keep us from some unique, world-class wines.

Austrian wines are stocked by Selfridges, Harrods, Oddbins, Safeway, The Wine Society and selected branches of Sainsbury's, ASDA and Victoria Wine.

J.R.

CHESS

WHEN Gary Kasparov and Anatoly Karpov launch their fifth world title series in the Waldorf-Astoria ballroom, New York on October 7, it will mark a significant change of direction for championship matches. Whether or not it proves a final showdown between the two rivals, it will surely be a critical test of whether chess can be successfully promoted to the challenging American market.

The first title contest, between Steinitz and Zukertort in 1886, was staged in the US, as were three of the next six: Steinitz-Gunsberg 1889, Steinitz-Lasker 1894, and Lasker-Marshall 1907. After that,

matches switched to Europe or Latin America until the Soviet hegemony began in 1948.

The fact was that the US lacked either willing funds for chess, a credible challenger, or both, until Bobby Fischer emerged, and his match with Boris Spassky in 1972, at the height of the Cold War, had to be played in neutral Reykjavik.

Starting with Fischer-Spassky, costs and prize money for championships rapidly escalated as political or personal tensions between the opponents attracted the media. Karpov and the defector Viktor Korchnoi, who met in 1978 and 1981, were not on speaking terms. Their matches featured a mysterious Soviet doctor whose main function was to stare at and disconcert Korchnoi, as well as arguments over whether Karpov was receiving coded messages via his yoghurt.

Player's chairs were routinely x-rayed or dismantled in search of hidden devices, draw offers were relayed through the arbiter, while a search of the Reykjavik light fittings for bugs revealed two dead flies.

It was good fortune for the protagonists, that chess's emergence as a symbolic and entertaining Cold War microcosm coincided with increased interest in the game as a promotional medium for image-conscious cities, countries and politicians. Reykjavik got a favourable press during the fishing dispute with the UK; the Philippines while President Marcos was negotiating some US loans; and London when the GLC leaders wanted to be abolished on a high-profile note. The last K v P series at Seville 1987, with a prize fund of \$2m, was part of the build-up to the city's 1992 commemoration of Columbus's voyage.

The second half of the match, with prize money now increased to \$2m, conforms to this pattern. Lyon's chess playing mayor Michel Noir expects to promote his city's cultural and business image via daily world-wide mentions of the games and their venue for the best part of a month.

New York, which will stage the first 12 of the 24 games, has quite a different set-up. Kasparov's opening press conference in March was held in the blue room of New York's City Hall and presided over by mayor David Dinkins, but the playing site will be the Macklowe Center, a new mid-town Manhattan hotel under construction and with a playing hall seating 800.

The promoters are the Los Angeles based Interscope Group, which has interests in a range of companies from entertainment to timber holdings. Interscope's owner Ted Field is a film producer best known to the business community for buying and selling Panavision at a \$50m profit.

Interscope is investing \$4m into the New York half of the K v P match. Part of its objective is long term, to be in pole position for any large chess expansion in the US resulting from the match publicity. The US Chess Federation's individual membership doubled to around 60,000 after Fischer became world champion, but dropped back when he abandoned chess and has for years been on a static plateau at around 50,000. On a per capita basis, this is well behind the Soviet Union, eastern Europe, or even western countries like Iceland and Holland.

More immediately, Interscope plan to sell match sponsorships or individual games to leading corporations at \$150,000 a time, to attract full houses of

1989 Clarets

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BRIDGE

Two SLAM hands from rubber bridge took my fancy, so I pass them on to you. Let us first study The Duck That Counts:

N
A J
K Q 7
6 4 3 2
A Q 5

W
9 8 7 3
8 3
K Q J 9 5
9 2

E
6 5 4
J 9 6 3
8
10 7 6 4 3

S
K Q 10 2
A 5 4
A 10
K J 8

With both sides vulnerable South dealt and opened the bidding with one no trump (16 - 18 points), and North replied with four no trumps. This quantitative raise says: "We should be able to make a little slam, if you have more than a minimum." South, with 17 points and three 10s, has no hesitation in bidding six no trumps.

West led the diamond king and declarer let this win. The object of this duck is to help the count of the hand. West now led the queen and East discarded a club. West had five diamonds. The declarer had 11 top tricks and the 12th depended on making four heart tricks.

Taking the next diamond, South ran four spade tricks - West had four spades. He then cashed his three club winners. West followed twice and let go a diamond on the third. West's hand was an open book. Cashing king and queen of hearts, South took the marked finesse against East's knave. Simple, but well played. Incidentally, if West holds four hearts and two spades, he will be subjected to a squeeze - the duck has rectified the count.

Now for The Last Trump:

N
K 7 4
A 10 8 2
K 9 6
A K 9

W
9 2
K Q J 5
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J 8 6 3

E
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9 7 4 3
Q J 7 5
10 5

S
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North dealt at game all and bid one no trump. South responded with three spades, and North correctly rebid four clubs, accepting spades as trumps and showing his club control. South then showed his control with four diamonds, and North bid four hearts. South now said four spades, but when North tried again with five clubs, he went six spades.

Winning West's heart king with dummy's ace, the declarer drew two rounds of trumps with ace and queen, cashed ace, king of clubs, and led the nine. East ruffed and played a heart. South ruffed, discarded dummy's diamond six on the club queen, cashed king, ace of diamonds, and ruffed a diamond with the spade king to fulfil his contract.

"Why didn't you draw the last trump?" asked North. "Because I wanted to make my contract," was the terse reply. If South does draw all the trumps, his contract is dependent on the 3-3 break in clubs, and this does not happen. If West does not ruff the third club the queen wins and the fourth club the marked finesse against East's knave. Simple, but well played. Incidentally, if West holds four hearts and two spades, he will be subjected to a squeeze - the duck has rectified the count.

Now for The Last Trump:

E. P. C. Cotter

CROSSWORD

No. 7,283 Set by HIGHLANDER

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday July 18, Market Crossword 7,283 on the envelope, to the Financial Times, Number 10, Southwark Bridge, London SE1 8UL. Solution on Saturday July 21.

1 Not said by one of royal descent (7)
5 Pivot is almost complete: needs small piece taking off end (7)
9 Flirt: appearance of street in old negative (5)
10 Cut into new estimate (5)
11 Government intended not including a report (9)
12 Cut up with English ruined by (5)
13 Rider includes time-sheets (5)
15 Run down poor quality paint (5,4)
16 He enticed someone who can speak from memory about Rugby (5)
19 Died back: how sad (5)
21 One who sits still is a problem (5)
23 Make sweet turnover to follow a spring vegetable (5)
25 One who checks and verifies first class returns from concert hall (5)
26 All leading conductors have one intensive rehearsal for singers (5)
27 Object without being interchangeable (7)
28 Vessels in river stretch (7)

DOWN

1 Finishes supplying drink on draught (5,3)
2 Clings to a strange yearning for the past (9)
3 In a nasty, lecherous manner (5)
4 Cheese roll is spoken for also (5)
6 Plane needs oxygen inside to stay buoyant (5)
8 With meadow he's reverted to ancient form of land tenure (5)
7 Get up without a lift (5)
14 As you said, better off with a flirtatious girl (9)

ACROSS

17 Finished beef, as stated, and choked (9)
18 Succored with two fabrics (7)
20 Substitute for modesty (7)
22 Associated with team on top of division (5)
23 Some embarrassing facts about tapestry in France (5)
24 Raise standard round church and state again (5)

Solution to Puzzle No. 7,282

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HOW TO SPEND IT

Lucia van der Post takes the plunge with beachwear, chooses some lighting and focuses on designer talent

Yes, you can buy swimwear in summer

THE PROBLEM with buying swimsuits is that the rails in the stores fill up with skimpy bikinis and seductive bandeaus just when the average city centre looks like the frozen tundra.

However, things are changing... slowly, but remorselessly. While it is still true that February is the month when the powers that govern such matters fill the stores with summer gear, several have also noticed that there are a lot of people who prefer to buy their swimsuits roughly around the time when they want to wear them - that is, in the summer.

They have also noticed, being keen to turn a penny, that holidays are no longer taken exclusively in August. The vogue for long-haul and out-of-season merry-making means that demand for hot-weather, holiday clothing is virtually a year-long business.

On top of that swimwear is now very often multi-purpose - a sleeky-cut close-fitting simple "body" can often do duty as a top under a suit, be worn as part of a keep-fit get-up and move into the swimming-pool afterwards. All of which has obliged the stores and manufacturers to rethink the matter and to stop closing swimwear departments just as summer finally hits town.

So this year, if you should still be in need of something with which to grace the plage, some of the more enlightened stores will have a great deal more choice than ever before.

Shirley, a leading British company, has a "Cruise" collection which is being delivered to the stores now.

Part of its charm is that most of the swimsuits or bikinis come with matching or co-ordinating pieces, such as

shorts, skirts or overshirts, that turn a swimsuit into an outfit you can wear to lunch or walk about in.

Designs are more fashionable than in the past, prices are very reasonable (around £40 for swimsuits) and they are widely available - at Selfridges, House of Fraser stores, John Lewis stores, Alders of Croydon, Fenwick's of York, Newcastle and Leicester.

Anybody buying a swimsuit at Selfridges in London or Lewis's in Leeds and Birmingham will notice the impact of Du Pont (makers of Lycra, without which no self-respecting swimsuit would be seen these days) and the first results of a determined campaign to make swimwear-buying more pleasurable.

Comfortable changing booths, plenty of places to put clothes and bags, good lighting, robes to slip on and off, all help.

Current styles are much influenced by general fashion trends so the obsession with active-wear emerges in swimwear - in cycling-style shorts, cropped tops, comfortable shapes for moving around. The fondness for draping and body-hugging that designers such as Norma Kamali, Romeo Gigli and Donna Karan are so famous for is everywhere, too.

If you want a knock-out design at a knock-out price you cannot do better than make a trip to Brown's of South Molton Street, London W1, where there is a year-long collection of swimwear by big designer names like Norma Kamali, Donna Karan, Romeo Gigli and, a name from the past and current unlikely focus of fashion fever, Pucci. Prices start at £80 for a classic Pucci number and go on up to £300 for the touch of Gigli magic.



Deauville, here we come! Swimwear designed by Moschino and available from Joseph, 77 Fulham Road, London SW3 or Fenwick's, 40 Hans Crescent, London SW1. Prices from £140



From the Six collection going into the shops on August 1, a black and white bikini (£38) with bandeau top and a matching oversized co-ordinating shirt (£78) in fine cotton voile

A showcase for design talent

THE FAMILIAR sad story of young designers emerging from art schools in the UK only to find disillusionment and the drole queue ahead of them seems no longer to be the only refrain.

While it still does seem depressing that too few manufacturers find a role for them in industry, more and

more are meeting the challenge by setting up in business themselves.

That, at any rate, seems to be the message from the seventh New Designers Exhibition, which opens at The Business Design Centre, 52 Upper Street, Islington, London N1 on Wednesday and runs until (and including) the following Saturday.

Anyone interested in what they are up to will find the work of some 1,000 different designers, all graduating this year. Don't be afraid that you will find nothing but a hodge-podge of ill-digested, amateurish work - all the work has been through a double sifting process.

First it is selected by the tutors in charge of their courses and then it is vetted by the Chartered Society of Designers. The result is that it looks as if the exhibition will be one of the highest and liveliest yet. As you can see from the three pieces photographed here, the work is of an exceptionally high standard, almost all of it being fresh, exciting and at very affordable prices.

Among the exhibits from art colleges all over the country will be furniture, jewellery,



Drawing by John Macaulay, a student at Glasgow School of Art, who wants to become an Illustrator. He will have framed original drawings on sale with prices starting at £20

textiles, ceramics, graphics - an opportunity not to be missed.

Those who run businesses which depend upon creativity should hurry along to see not only what is happening but to seek out some of the best design talent in the country. Those who love to buy individual pieces that are fresh and new will have a marvellous opportunity to buy straight, so to speak, from the drawing-board.

It's a perfect opportunity to find a special present or to track down an artist or designer from whom to commission something personal and special. There will be rare and precious works such as silver pins costing well over £400, hand-made rugs and embroidered screens, dining chairs and a Rock maple, English yew and stained table (£1,750). Look, too, for jewellery from

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Cookery

You can count your chickens

Philippa Davenport on an easy and convenient food

IT MAY be unwise to count your chickens before they are hatched, but when in doubt about what to serve, the cook can usually count on chicken. There are several reasons for this. You can't be sure that everyone will eat red meat these days, but chicken is acceptable to most. Chicken portions are undeniably convenient and the good news is that many supermarkets now stock free-range and corn-fed chicken joints as well as standard intensively-farmed birds. So chicken flavour is upped and quinine of conscience about intensive farming are reduced simultaneously.

Chicken is willing to assume a delicate and creamy guise, to lap up fiery spices or to accept whatever other emphasis the cook may care to place on it. This versatility makes it just right for an English summer and on days when summer turns out to be the real thing.

Many of the best chicken recipes are remarkably effortless to prepare, no mean consideration at the end of a working day.

SUPREMES A LA CREME WITH MUSTARD & WATERCRESS
(serves 4)

This ritzy little dish could hardly be easier but if it suits you better the sauce can be made ahead and reheated just before pouring it over the chicken. Once cooked the chicken can be kept hot for a while without spoiling, although I advise against adding the watercress until the last minute. Serve with plenty of hot crusty bread to mop up the lovely sauce. No vegetables in this one.

4 skinned and boned breast of chicken portions (12 supremes) weighing 5½-6 oz each; 2-3 bunches of watercress; ½ oz butter; 2 level tablespoons flour; 5 fl oz chicken stock; ½ pt double or whipping cream; 1 teaspoon Dijon mustard; 2 tablespoons freshly grated Parmesan cheese.

Lay the chicken breasts in a single layer in a shallow, lightly buttered dish. Make a sauce with the butter, flour, stock and cream and let it simmer for a couple of minutes. Away from the heat stir in the mustard and Parmesan and season with salt and pepper.

Pour the hot sauce over the chicken, cover and bake at 375°F (190°C) gas mark 5 for 35-40 minutes until the chicken is tender and succulent.

When ready to serve, put the chopped watercress into a warmed serving dish (no sooner or the watercress will wilt). Tip or pour the cooked chicken and its sauce into the dish and stir gently to mix until the sauce is well flecked with greenery. Garnish with fried breadcrumbs or diced croutons for contrasting crunch just before bringing the dish to table.

SPICED & BAKED CHICKEN
(serves 4)

This tandoori-style dish calls for a variety of accompaniments including a lively pickle or chutney. Assuming you have no time to make your own but want something far from run-of-the-mill, I suggest Wendy Brandon's excellent and unusual offerings. Some are hot, some mild, all are made with no salt or added sugar, and are intensely flavoured. For mail order details about her full range

of chutneys, fruit cheeses, jellies, jams and marmalades contact her direct at 110 Stamford Avenue, Brighton BN1 6FE (tel. 0273-506388).

4 part-boned chicken breasts; 1 lb; 2 chilli powder (1 teaspoon for my taste, much more for fire-eaters); 2 tsp each whole cumin and coriander seeds; 2 garlic cloves and a little finely chopped fresh ginger root; a little sun-dried tomato soaked in oil, or concentrated tomato puree; 4-5 tablespoons creamy yoghurt; a little butter. Remove the chicken skin and any fat. Prick the flesh all over and make two or three oblique slashes across each breast. Sprinkle with chilli, then the juice of the lime and brush the mixture deep into the cuts. Toast the seeds, tip them into a mortar, add the garlic, ginger, tomato and some salt. Pound to a creamy paste, gradually working in the yoghurt. Spread the mixture all over the chicken, cover and marinate for at least six hours, preferably 24 hours. Lay the chicken pieces, bone side down, in a single layer on a grid placed over a roasting pan. Dot with



water-thin flakes of butter and bake at 375°F (190°C) gas mark 5 for 40-45 minutes until the meat is slightly crisped on the surface and succulently cooked within.

Serve with rice (which I stir into the flavoured juices that have dripped from the chicken during cooking, and scatter with chopped fresh coriander leaves), and with nan bread or poppadoms, a cooling bowl of yoghurt, slices of fresh mango and a lively pickle or chutney. The rice can be cooked ahead if wished and reheated by steaming in butter muslin for 10 minutes before serving.

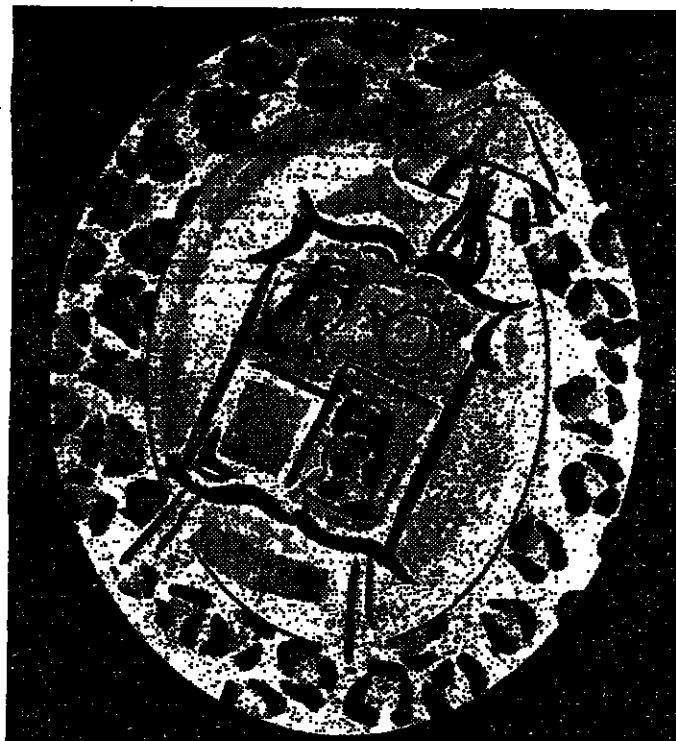
FOLLO AL PARMIGIANO
(serves 4)

Tagliatelle or pasta shapes tossed in a little butter with sage make a good accompaniment to this very savoury dish. Alternatively I partner it with broccoli or green beans and good bread. If you don't care for sage use a little finely chopped rosemary instead.

4 boned and skinned chicken breasts weighing about 4 oz each; 4 sheets of Parma ham; 1½ oz freshly grated Parmesan cheese; 2 tablespoons each olive oil and lemon juice; fresh sage.

Marinate the breasts for several hours in the lemon, oil and plenty of black pepper in a gratin or other flameproof dish which will take the chicken in a single layer.

Place the dish under a medium-hot grill at some distance from the flame for just long enough to set the flesh, about 2 minutes on each side. Then lay a sage leaf or two on each breast and wrap up loosely in a sheet of ham. Sprinkle the Parmesan over the ham-wrapped parcels, cover the dish with foil and bake at 300°F (150°C) gas mark 2 for about 35 minutes.

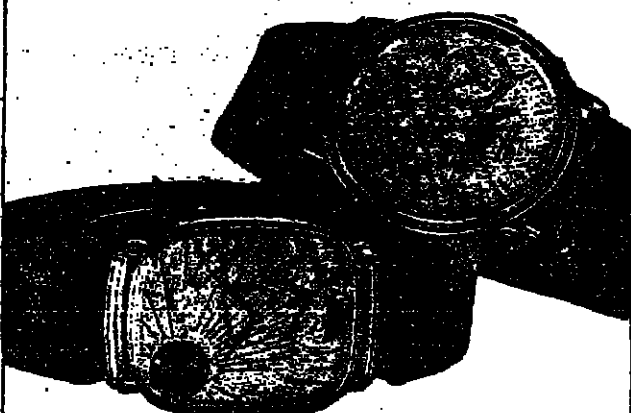


Ceramic plate, about £80, by Sally Guy, of 40 Melville Street, Hanley, Stoke-on-Trent, Staffordshire, ST1 3ND. Available at the One Year On exhibition



One of a series of enamelled dancing lady brooches, from £60, by Sarah Graveson, a Middlesbrough Polytechnic student

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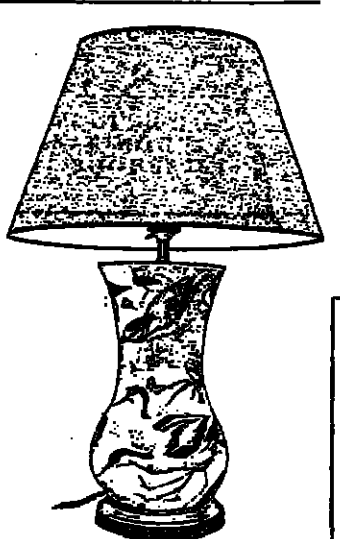
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Shining example

IF YOU ARE looking for lamps that are so special that they are almost works of art then it is worth looking at the work of Monica Greig and Penelope Sitwell.

Monica Greig does most of the design and art work, using an 18th century specialist technique called decalcomania. A cross between collage and appliqué, it gives extraordinarily beautiful and individual results. Many of the lamp bases feature flowers, butterflies, leaves, animals and though the images are culled from magazines, catalogues, books and other sources the results look as if they have been hand-painted.

Colours vary from the sweetly pretty to the rich and baroque. Some have pale yellow, pink, blue or cream as backgrounds to sweet flowers; others have dark, glowing backgrounds with richly-hued butterflies and autumn leaves. Though every lamp is an individual work of art, Monica Greig often makes them in very similar pairs, using the same background colour and the same theme so that they can stand on pairs of side-tables



or bedside tables. Lady Sitwell's role is to gild the base and to market the finished products.

The lamps are currently highly sought after by interior designers. A recent collection has just been dispatched to Monte Carlo and they can now be seen at Claridges Hotel in an exhibition room designed by Tessa Kennedy, the interior designer. They are also on sale at Betty Hanley, Clare House, 35 Elizabeth Street, London SW1; Thomas Goode, 19 South Audley Street, London W1; and to order from Monica Greig (tel. 0252-617596). Prices range from £750 to £950 each.

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ARTS/COLLECTING

Italian master rises in glory

MASACCIO, who has been waiting in the wings, is now out and about in Florence. The restoration of the Brancacci Chapel in the church of Sta Maria del Carmine, completed months ago and heralded in the world press, is finally open to the public after an inauguration by President Francesco Cossiga on June 7. Delays, it seems, had to do with the world of cuts. The combination of sport, art and technology (Olivetti, with funding rumoured to be more than £1m, sponsored the advanced conservation programme) was seen as a winning ticket by the tourist-conscious city fathers of Florence.

The official inauguration of the chapel coincided with "The Age of Masaccio" at the Palazzo Vecchio, sponsored by Banca Toscana, showing works of the first quarter of the 15th century - the great moment in Florence's early Renaissance.

Italy, it must be remembered, is passionately regional in its loyalty, and Rome has already re-presented the Sistine Chapel to the world. Conservation is considered so highly nowadays that it attracts large sums from sponsorship. In the Uffizi gallery, donor labels of restoration sponsorship are five times larger than the modest tickets of authorship. And the names of the heads of conservation institutes attract a personality cult greater than that of the great artists. Art has been appropriated by business and science, with scholarship serving both. Perhaps it was always so.

The spotlight of conservation throws a glare of publicity on a particular artist or masterpiece for a brief, hysterical moment, then sweeps on to other objects, leaving the newly-cleaned artwork to darken again under the polluting breath of city tourism.

In the case of the Brancacci chapel, the spotlight has also illuminated matters of art history, and, equally as important, Olivetti has ensured the maintenance of the restoration with the installation of an elaborate air filtration plant. The system's air vents are carefully concealed behind the altar and they allow in daylight from the adjacent courtyard. Cunningly augmented by artificial lighting, the chapel is quite magically illuminated.

Attention to environmental control has meant that the frescoes have been treated, cleaned and restored in situ, contrary to the trend of previous decades. The wholesale and perhaps indiscriminate use of "strappo," the technique whereby the paint surface of the fresco is removed by a glue poultice and reconstituted on a moveable frame, is often necessary, but is contrary to the permanent and site-specific nature of frescoes.

Now the Brancacci chapel stands revealed in all its beauty - and it is magnificent. Conservation for once has been a revelation, not a intrusion.



Fresco restoration: *Il Tributo*, one of the works in the Brancacci chapel in Florence which was been carefully cleaned in situ

orate air filtration plant. The system's air vents are carefully concealed behind the altar and they allow in daylight from the adjacent courtyard. Cunningly augmented by artificial lighting, the chapel is quite magically illuminated.

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that cleaning has gone too far, that colours have been chemically interfered with.

Fresco of course is a very particular medium. Natural pigments, diluted with water, are directly painted on to a wet plaster of sand and slaked lime. Enough plaster is laid for a day's work over a layer of rough plaster where the under-

Conservation for once has been a revelation, not a intrusion

drawing has been painted, usually in red. As the plaster dries the pigments are integrated into the surface by the carbonising action of the drying lime.

Fine details are added in the less durable medium of dry fresco - pigments bonded with natural glues such as milk solids - and in earlier centuries, particular colours such as expensive lapis lazuli blue, were also subsequently added in dry fresco.

Conservation work in the Brancacci chapel exposed the colour discrepancy in the grey-

blue sky surrounding the famous nude figures of Adam and Eve in the Expulsion from the Garden of Eden. This was caused by the different drying action of the pigments in each day's area of plaster. Masaccio later covered this with a layer of azurite.

It would have been contrary to good conservation practice to touch up this area. In fact the stark undercolour in no way detracts from the drama of the two anguished figures.

Masaccio collaborated with the older master Masolino on the painting of the chapel, until its patron Felice Brancacci was expelled from Florence. Filippo Lippi completed the interrupted cycle 60 years later and also gouged out some of Masaccio's portrait heads and replaced them with more politically-acceptable individuals.

The chapel began around 1424-25, and like everything in 15th century Florence, includes a combination of religious and political subjects. But even more significantly it documents the collaboration between the young Masaccio, influenced by the new Renaissance series of space and perspective of architects Alberti

and Brunelleschi, and the older Gothic style of Masolino. Although one can clearly differentiate the hand of Masaccio from the lighter, more secular style of Masolino, there is no unease in this collaboration, perhaps because Masaccio was responsible for the grand perspective framework in which the scenes take place.

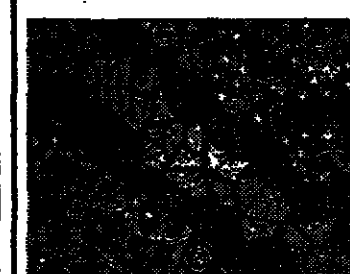
Masaccio's figures are more volumetric, they stand firmly on the ground and are lit by a natural light source but, most important, they are heroic and expressive. They were a source

of inspiration to Michelangelo. The conservation has also revealed the beauty of Masaccio's handling of the Tuscan landscape, particularly in the misty mountains behind the scenes on the altar wall.

Visitors to the chapel will be restricted in the future and the 18th century marble altar will be moved back into place after September. But nothing can obscure the magnificence of Masaccio's art restored to pre-eminence.

Deanna Petherbridge

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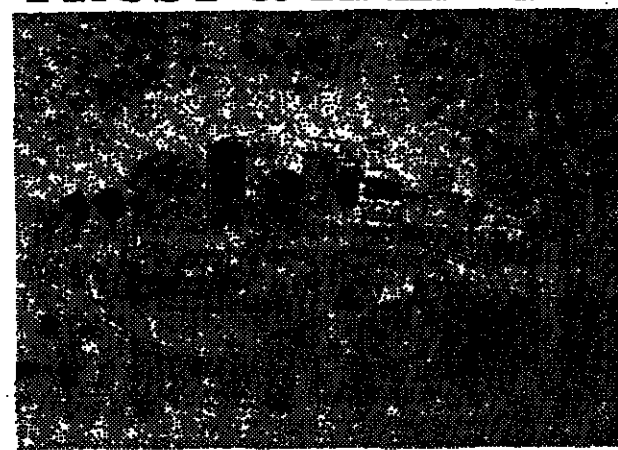


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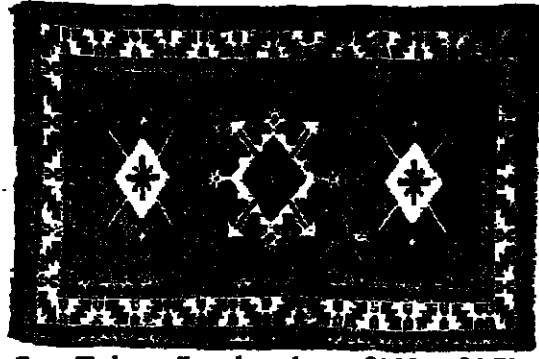
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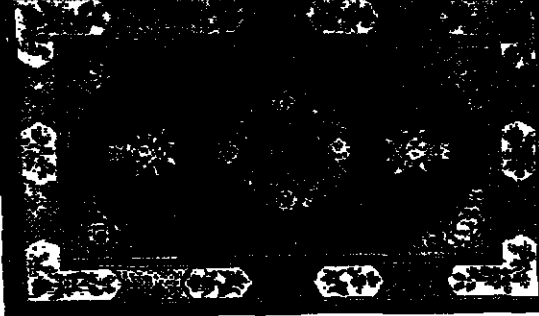
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ARTS/COLLECTING

The Cotswolds weather a storm

Dealers west of London are adapting to doldrums in the UK trade, writes Antony Thorncroft

EVERYTHING in the old market town in the Cotswolds looks reassuringly changeless: including the picturesque antique shop with its stock of solid English furniture – country oak and 18th century bureaux – silver tea sets and 19th century watercolours, and a few oddities like a shepherd's crook or a decoy duck.

But beyond the calm there is some panic. The antique trade is finding life tough at the moment and even some of the Cotswolds dealers, the largest group of professionals (over a hundred strong) outside London, are holding on hard. The cause of the downturn is not particularly mysterious.

The Government is trying to curb spending and has concentrated its squeeze on the type of mortgage-owning professional who in the last few years has developed the taste, and the disposable income, for collecting the odd antique.

In addition, fewer new homes are being purchased, with all the fun of decorating them with antique furniture – so much cheaper than modern repro – which further curbs demand. Some of the money made in the City a few years ago went towards a second home in the Cotswolds, and to happy furnishing trawls around the local antique shops.

The City is less extravagant these days. In addition the Americans are experiencing their own economic problems and far fewer are visiting England on an antique treasure hunt. In particular interior decorators, who act as advisers to so many rich Americans, unsure of their own taste, have found times difficult and so come across the UK less frequently. They have memories of a time when sterling was weak and prices were low and they now find British antiques expensive.

Richard Chester-Master, of Cirencester Antiques, can recall the year when 100 dealers, decorators, and private collectors visited his two shops – from Dallas alone. It is now just a happy memory.

Antique dealers in the Cotswolds have to work hard for their money. They have to scour the world for customers and for stock and must market themselves through groups, such as the 55-strong Cotswolds Antique Dealers Association (CADA), or individually.

For example, Rick James, of the Priory Gallery, near Cheltenham, has hit a rich seam by making frequent buying trips to the Continent and introducing British and foreign collectors to the overlooked talent of Belgian artists like Fernand Toussaint.

Business may now be picking up. Pamela Rowan of Blockley, who runs CADA, and mainly deals in porcelain, recently took the first coach load of Americans in some time on a tour of the local antique shops, and they were buyers. Her own experience at last month's Ceramics Fair in London was encouraging, especially for the plainer, more refined, porcelain like Chelsea.

The flamboyant stuff, which traditionally appealed to decorators, was less in demand. The Ceramics Fair, like the mammoth jamboree at Olympia and the grander gathering at Grosvenor House, came up with the same message: antiques that are of top quality, in fine condition, and rare and unusual can be easily sold at very high prices. Anything routine and of medium or low quality just hangs.

On top of this basic rule, there were dealers who had excellent fairs, some who made a modest profit, and some who hardly sold an item. Buyers are very selective, and they can afford to be.

Whatever the travails of the antique world generally, the Cotswolds remains a flourishing area, and well worth a visit down the M40 from London.

Particular centres, notably Stow-on-the-Wold, have more than 30 dealers. Some of them, like Jack Baggett, are constantly expanding into new premises and acting almost like a wholesaler to the trade.

Then there is Witney, Burford and Broadway, although Moreton-in-Marsh, Tetbury, and Cirencester are just as generously endowed with interesting shops, and many villages are worth a detour.

The Cotswolds dealer is there because he prefers living in the country to London. It has numerous advantages, most notably in terms of costs.

This means the price of antiques in the Cotswolds is usually well below the level in London. A London dealer in a fashionable area can be paying £250,000 a year in accommodation costs before he starts trading. In the Cotswolds, dealers can afford to own their premises, and even to expand when demand warrants it. They are not in thrall to rent or rate rises, and the new business charge holds few terrors.

Cotswolds dealers are also keener to turn over their stock quickly, so ask a lower mark-up. That is why this beautiful region is usually on the itinerary of most dealers, including the ubiquitous runners sent out on a bargain, as well as dealers, both British and foreign.

On average, around a half of sales by Cotswolds dealers are to the trade, with the rest concentrated on regular customers, local, British, or foreign. The casual touring buyer is rare, except for cheaper items.

In general, picture dealers, with their higher margins, are having a better time of it than the furniture traders. Dealers like John Davies of Stow, John Nott and Richard Hagen of Broadway, and the Kennell Gallery in Winchcombe, report good business.

Taste is not advanced in the Cotswolds, but British Impressionism, the work of the likes of Harold Harvey, Dorothea Sharp, and Laura Knight, has taken a hold, along with com-



Investment opportunity: Ponies at the Fair by Alfred Munnings (1905)

parable paintings by continental artists of the same period (the expensive French masters excepted). Contemporary artists working in a figurative or landscape tradition also sell well.

There is always a demand for good 19th century watercolours of the locality. The Cotswolds is no place for a dealer in the avant-garde, but

'The Cotswolds area is a worthy competitor to London'

there is a demand for more than chocolate-box pastiche.

It is in this competitive area that go-getting pays off best. The dealers suffering most are those that sit in their shops and wait for callers.

The energetic types, always hunting for new stock, selectively take stands at fairs where they can browse over competitors' stock and make new contacts, and bombard existing or prospective buyers, at home and abroad, with catalogues and information about new acquisitions.

They are taking advantage of the higher prices they can ask for stock that is steadily improving in quality. Cotswolds dealers are running their London opponents close in the auction rooms, often carrying off important works.

The more enterprising furniture dealers are also happy with life. Witney Antiques has just bought the adjacent old coaching inn. It considered moving to London 18 months ago, but the opportunity to double its space at reasonable cost persuaded it to stay put.

It has been able to create three showrooms, one displaying country and early furniture, one continental pieces, and one classical furniture in a room setting. Witney, like many Cotswolds dealers, can sell from a 25-year tradition.

Getting good stock is the biggest problem for the Cotswolds dealers, as for any dealer. Sometimes they are frightened to sell because they know the piece is almost impossible to replace. And the good things carry price tags that seem outrageous to long-established dealers: how can I make my 30 per cent (or 50 per cent) profit on that? How can I, a country dealer, compete with the big London galleries, funded by merchant banks, for the really top items? This is why some Cotswolds dealers, like John Davies, flirt with the idea of going to London.

It seems easier there because good stock is more accessible; and there is a larger passing

trade, including the mythical Swiss bankers and Japanese tycoons (few of whom have yet been seen in Stow and towns west). But most Cotswolds dealers choose the country because they prefer the pace of life and want to stay close to the shop. They are being joined by newcomers from London, often dealers who seek a quiet life, or semi-retirement or sometimes by young men investing a quickly-made fortune in antiques and finding the life harder than they imagined.

In the last two months, however, four Cotswolds dealers have given up the struggle. But old-timers like Richard Chester-Master know that the business has always been a series of peaks and troughs and that, in time, the current blues will blow away. Certain types of antiques, oriental ceramics, for example – have already taken off.

Dealers in speciality areas, like Manfred Schotten of Burford, who concentrates on sporting goods and library furniture, are generally doing well. He has just disposed of a very rare Chinese export bowl, decorated with a man playing golf, as well as a large shuttlecock made in the 1860s.

The concentration of dealers in the Cotswolds ensures an abundance of worthwhile objects to view; objects which are constantly changing as the dealers return from another foraging trip.

The dealers, like their shops, are generally less stuffy than their London counterparts and have learned in the recent tough years to improve their selling skills.

They will generally offer a buy-back guarantee, knowing that the basis of their business is long-term relationships with satisfied customers.

Of course if you are looking for avant-garde art, for the finest Old Masters, for expensive silver, and for the very best oriental rugs, carpets and textiles, the Cotswolds is probably not the place – although, given the amount of stock in the area, you may be surprised. It is an Aladdin's Cave situated in the most bucolic surroundings. It is a worthy competitor to London.

For more information contact the Cotswolds Antique Dealers Association, High Street, Blockley, Gloucestershire. (Phone: 0386 700280).

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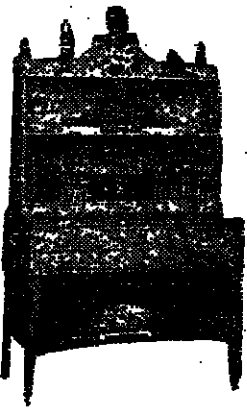
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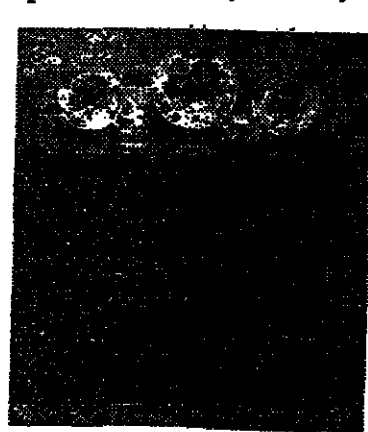
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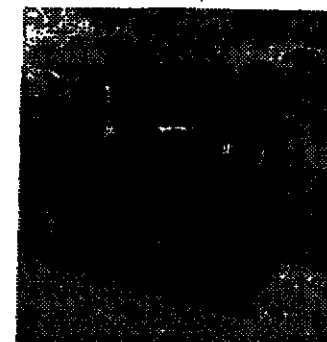
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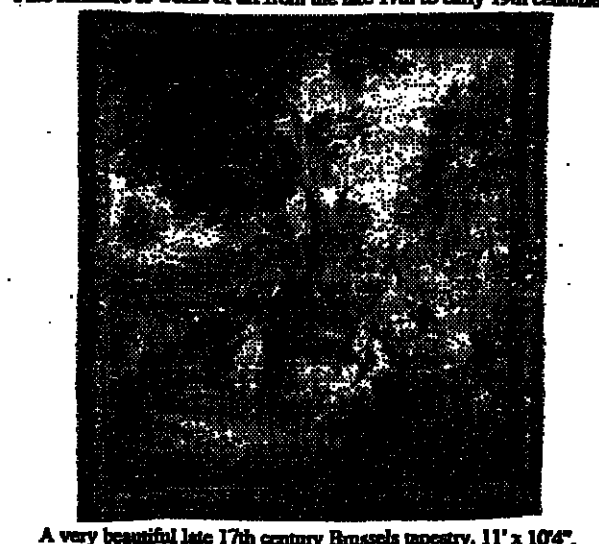
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TRAVEL

A visit to the Riviera for art's sake

Nicholas Woodsworth has a nice time in Nice, the Miami of the French Mediterranean

The sun blazes away all day
Blue skies and blue seas
Red roses and green pease
And all sorts of southern luxuries

AS POETRY, Edward Lear's lines on the French Riviera are something less than sublime. But they do reflect an Englishman's delight in a world far from the grey skies and cold rain of his own country. While 120 years ago a winter season spent on the Côte d'Azur was an escape only the most privileged classes could afford, what Lear saw along the French coast between St Tropez and Menton was very much the same thing that attracts summer crowds there today — sunshine, bright colours and an easy-going, Mediterranean way of life.

Lear, however, did not come south to while away his time in polite society. "The atmosphere of swiftness and total kindness in this place," he wrote, "is odious." Avoiding ballrooms, casinos and genteel seaside strolls along Nice's fashionable Promenade des Anglais, Lear had come to work. While better remembered today for his nonsense poems, Lear in fact made his living as an accomplished illustrator and landscape painter. One of the earliest painters of the Riviera, he filled one room with more than 300 exotic birds. Another overflowed with tropical vegetation. Yet a third was devoted exclusively to drawing. Surrounded by favourite models, masks, statues, paintings and pigeons that flew freely from room to room, Matisse — an invalid for almost two decades — drew lying on his bed, using a 6 ft-long bamboo pencil to work on the surrounding walls.

A half hour's drive along the seafront "corniche" from Nice lies the resort town of Cannes-sur-Mer. Cannes specialises in the production of carnations, anemones and other delicate flowers. The green hills behind the town shimmer with the reflection of the sun on hundreds of acres of glass greenhouses. Hidden among them is another treasure equally rich in colour and fragrance: "Les Collettes," Pierre August Renoir's home for the last 16 years of his life.

Gone today are Gabrielle, Andre's and the other young girls who, hired as domestic servants only on the condition that

a city rich in festivals, museums, foundations and galleries. The Promenade des Anglais is still the place to see and be seen, and the luxury hotels that line it are packed with visitors throughout the year. Although some of these hotels are new and without character, there are others in which ghosts from an earlier and more elegant age continue to reside. Not a few of these were home to Henri Matisse.

It was in the old hotels of Nice that on and off from 1916 to his death in 1954 Matisse painted many of the calm interiors and serene nudes for which he became so well known. Moving from one place to another, living out of a suitcase, Matisse delighted in the flat, decorative backgrounds of his lavish hotel interiors. "I stayed in the Hotel de la Mediterranee for four years for the pleasure of painting nudes in an old rococo salon," he wrote. "Do you remember the way the light came through the shutters? It came from below like footlights. Everything was fake, absurd, terrific, delicious."

One hotel especially stands out in the story of Matisse's life — the Hotel Regina. Here, high above Nice in the wing of a former palace built for Queen Victoria, Matisse created for himself a paradise of the type he loved to portray in his paintings. He filled one enormous room with more than 300 exotic birds. Another overflowed with tropical vegetation. Yet a third was devoted exclusively to drawing. Surrounded by favourite models, masks, statues, paintings and pigeons that flew freely from room to room, Matisse — an invalid for almost two decades — drew lying on his bed, using a 6 ft-long bamboo pencil to work on the surrounding walls.

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Renoir and Matisse may be gone, but the type of women they loved to paint still grace the French Riviera

their skin "took the light", served as Renoir's models. What remains in the gardens of Les Collettes is the spirit of simplicity and beauty that belonged to the painter.

Here among mimosa, cypresses, palms and a grove of some of the oldest and most magnificent olive trees in Europe, Renoir was wheeled to a glass-sided studio every day. Crippled by arthritis by 1923, he was a thin, bird-like man with a long white beard and deformed hands. Unable to walk, or even hold his brushes, he had them strapped to him, a process he called "putting on my thumb."

Yet none of this affected his spirit. It seemed that the older and more frail he became, the more joyous and vital was his painting. His surroundings, as much as his youthful models, were the source of much of his energy and inspiration. Of Les Collettes, Jean Renoir, son of Pierre Auguste and a notable film-maker, wrote: "The shadow cast by the olive trees is often marvellous. It is in constant motion, luminous, full of gaiety. If you let yourself go you get the feeling that Renoir is still there and that you are suddenly going to hear him humming as he studies his canvas. He is part of the landscape."

If the variety of artists painting along the Mediterranean coast this century has been enormous, the physical distances separating them has been tiny. As with mem-

bers of most professions, the painters of the Riviera enjoyed each other's company. Cezanne was from time to time visited by Renoir; Renoir occasionally opened his door to Matisse, who in turn liked to visit Pierre Bonnard — one of the greatest masters of light and colour in this age — in his villa in Le Cannet. Matisse, too, had a celebrated visitor who now and then dropped in: Pablo Picasso, who spent most of his last three decades in the vicinity of Cap d'Antibes and Cannes.

After a traumatic decade dominated by the Spanish conflict and world war, Picasso refound the joys of peacetime life when he moved to the old walled town of Antibes in 1946. Impatient to start painting, he didn't allow the post-war shortage of oils, brushes and canvases to delay him for a moment. He simply went down to the harbour and laid in a supply of boat paint, marine plywood and house painter's brushes.

For all that, the results were no less impressive: the fauns, satyrs, fishing barques, sailors, urchin eaters and other inhabitants of the Mediterranean world that Picasso created expressed his deep joy in a world that had returned to sanity. One of his most appreciated paintings — that of a woman dancing with happiness on a sandy beach — is simply called *La*

Jolie de Vieux. Few works Picasso painted after this period reflect the same optimism and delight in life.

Of all the places evoking an image of the Côte d'Azur as a sun-drenched paradise, St Tropez is the most famous. The cult of sea, sun, timeless bathing and jet-set leisure was to a large extent born here. While the anarchist painter Paul Signac wouldn't like to admit it, it is a scene he played a large part in creating.

A utopian who dreamed of social harmony through a return to nature, Signac discovered the tiny fishing village of St Tropez in 1892 while sailing. Already the major theorist of the neo-impressionist technique of pointillism — the creation of an image through the methodical laying down of tiny dots of primary, unmixed colour — Signac settled in St Tropez, gathering around him other painters.

Painting nearby landscapes, seascapes and the harbour at St Tropez, they created brilliant, light-filled canvases that are among the most pleasing of all tableaux inspired by the Riviera. In portraying it as a paradise where man and nature come together in perfect harmony, they also laid the foundation for the St Tropez myth and the tourist onslaught that inevitably followed.

The tourists, however, have not killed off art on the Côte d'Azur — some of them are here for just that. While many of the

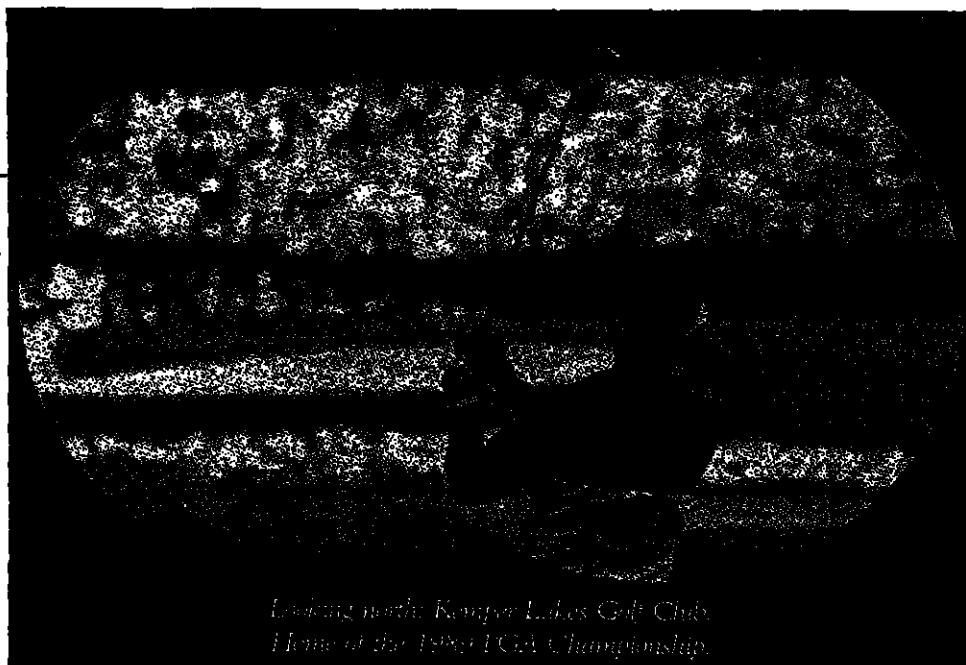
paintings sold on the quaysides and squares of Riviera towns are mediocre products turned out by the score, genuine art and artists abound. Museums large and small, containing many fine examples of the works of the painters of the Riviera, are scattered up and down the coast.

Professional and amateur painters too, continue to paint living motifs inspired here with so many years of tradition — they set up easels among the olive trees at Les Collettes, in the flower market at Nice, or in front of the colourful fishing boats in the ports. But to see the beauty seen by the painters of the Mediterranean, you don't have to be an artist or even visit a museum. Just look around. Making art of almost everything it touches, the southern light of the Riviera does the rest.

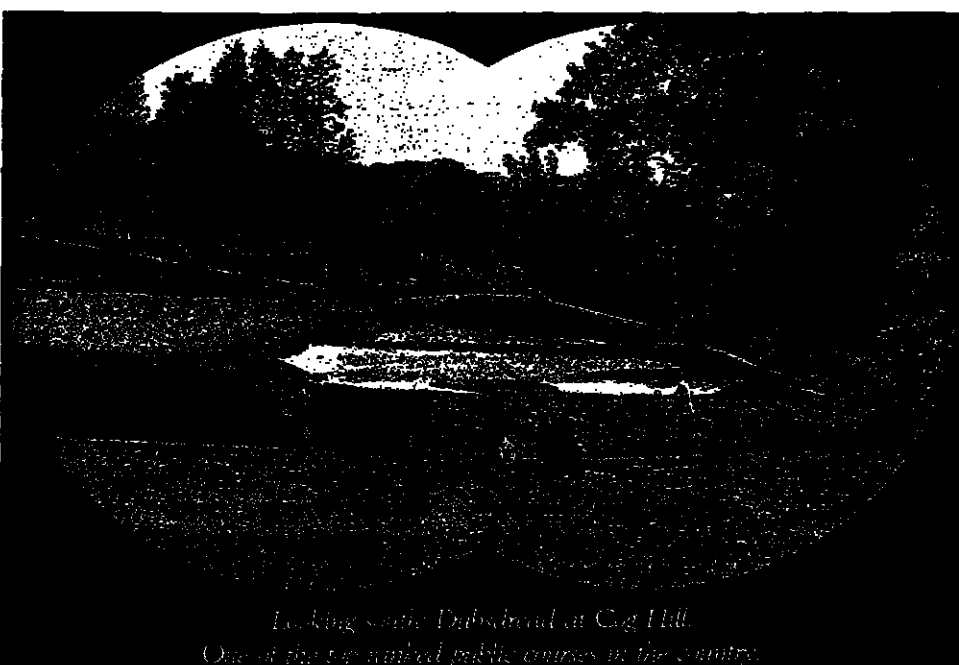
Nicholas Woodsworth travelled with British Airways and stayed at the five-star Grand Hotel in St Jean-Cap Ferrat, where rooms begin at around FFY 3,000 (2005) a night.

The number of quality museums and galleries along the Côte d'Azur grows yearly. Here are just a few well worth the visit: Musée Matisse, Avenue des Arenes, Nice; Musée Chagall, Avenue du Docteur Mourard, Nice; Fondation Mauguet, St Paul de Vence; Les Collettes, Route de la Grande, Cannes-sur-Mer; Musée Picasso, La Vieille Ville, Antibes; Musée de l'Annonciade, Le Vieux Port St Tropez.

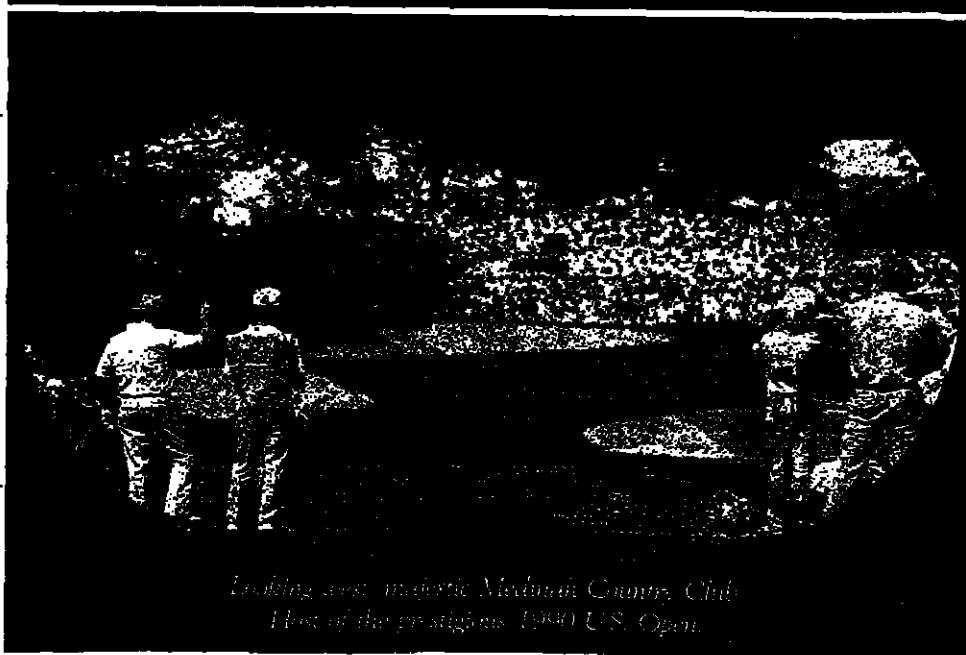
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TRAVEL

Civilised Weekends: Nigel Spivey visits Stratford, to worship the bard, and the Cotswolds, where he finds the embodiment of England

A perfect place for the school swot

BARDOLATRY. Straight, unadulterated bardolatry is the only reason for spending a weekend at Stratford-upon-Avon. The town itself is a museum of a desultory air which no amount of hanging baskets and half-timbered shop fronts can redeem. On a Saturday night, you come out of the theatre to normal suburban alarms: police sirens; quickly accelerated motors; the screams of girls being tossed into the river by their loutish boys.

By day, you are invited to the shopping arcade. In Stratford, it may be called Bard's Walk, but inside is the same stuff that is for sale in any humdrum town, plus the knick-knackery to be expected in any English tourist place. Even in Stratford, the presiding genius seems to be Beatrix Potter.

Forget all this. Bardolatry has always been pardonable, except in the eyes of a few peevish literary egos (Tolstoy, Bernard Shaw). Anyone with the humility to acknowledge it knows that going to Shakespeare is like tasting clear water, or stepping into new sunlight. What Hazlitt maintained is true: one always feels wiser and better for an evening with Shakespeare.

Periodically there are iconoclasts who claim that we have invented these sensations — that we are the victims of some 18th century hoax to make Shakespeare seem better than he really is. But full theatres are full theatres, and anyone who has read D.H. Lawrence's account (in *Twilight in Italy*) of a production of *Hamlet* in a village on the shores of Lake Garda will understand the universal satisfaction that Shakespeare gives.

As you join the files creaking over the floorboards of the bard's birthplace (now incorporated in a Shakespeare Centre), you will become sensible to the extent of this universality. There you learn of the provenance of visitors to Stratford (more Americans than British citizens); you learn that Julius Nyerere, architect of Tanzanian socialism, once turned

Julius Caesar into Swahili; you learn of your pedigree as a tourist in Stratford (the actor David Garrick staged a Shakespearean Jubilee in 1769, and the town has capitalised ever since).

You are impressed by the magnificence of the tankards from which the Elizabethans quaffed, and by their ingenuity in the construction of baby-walkers. In the Shakespeare Centre shop (where you pop Beatrix and her rabbit gang) you may find a briefing on the play you are due to see at the Royal Shakespeare Theatre, or its appendix (*The Swan*).

If you have the stamina, there is a charabanc which takes you on an hour-long tour of "the Shakespeare properties," including Anne Hathaway's cottage, and gives you a chance to contemplate the drab purities of modern Stratford. And so to the RSC. The main theatre has an academic aspect: it was built by Sir Giles Scott, to whom we also owe the Cambridge University Library. And much of the custom of the RSC must come from schoolchildren and their prescribed texts, which cannot make a producer's life easy.

Couple that didactic expectation with the large segments of audience that are transatlantic or oriental, and you understand how vulnerable the RSC might be to criticism from serious native bardolaters. I chose to see a play which I regard as one of the best rather than tourists, *Troilus and Cressida*, and was dismayed by the crude touches of its production. To present Helen as Joan Collins, and Achilles as a leather-clad lover of the rough trade, seemed annoyingly obvious efforts to make Shakespeare our contemporary.

But the truth is that Joan Collins must have launched a thousand magazine covers across the world, and that San Francisco's ignorant of Homer know Achilles and his ilk. All the world has to be a stage if the RSC is to continue to attract an international audience. The irony is that the Stratford audience is not genu-

inely popular or vulgar.

It is pointless to ham up the ribaldries of Shakespeare's text, because the louts and bawds who appreciate such things are no longer in the theatre. They are around — in the pubs of Stratford, breaking bottles — but television, not the theatre, entertains them. For the price of a mug of beer, in Shakespeare's day, you could get into the theatre. That is no longer true. There are no "groundlings" in the modern Shakespearean audience.

If I was dismayed by crude popularisation in the production of *Troilus and Cressida*, then it is only fair to confess amazement at the way in which Simon Russell Beale, as Thersites, made us all laugh. His lines are chock-full of the street talk of almost half a millennium past. How on earth can the wit of that jargon possibly catch us today? With good acting, is the answer; and a bit of sweating.

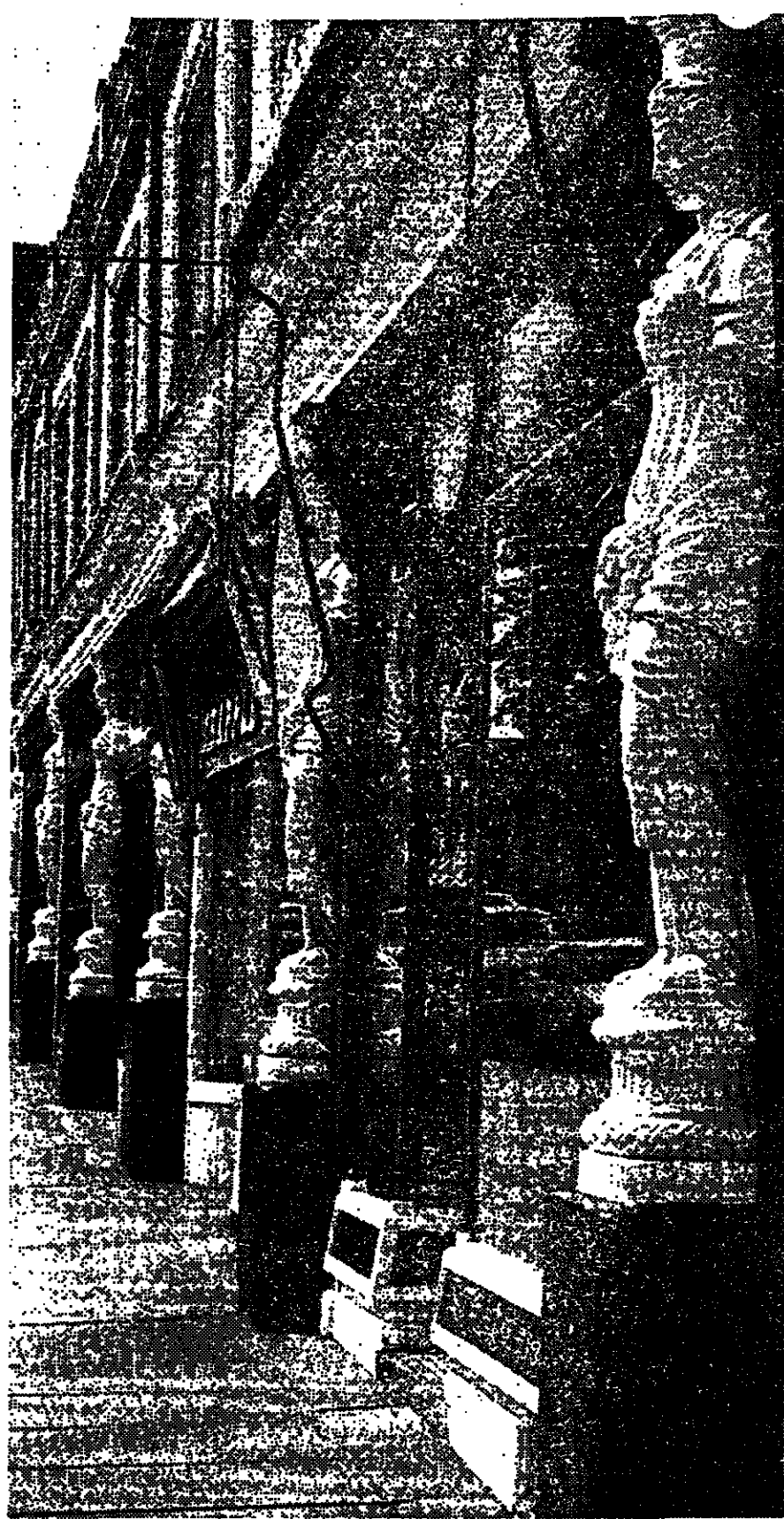
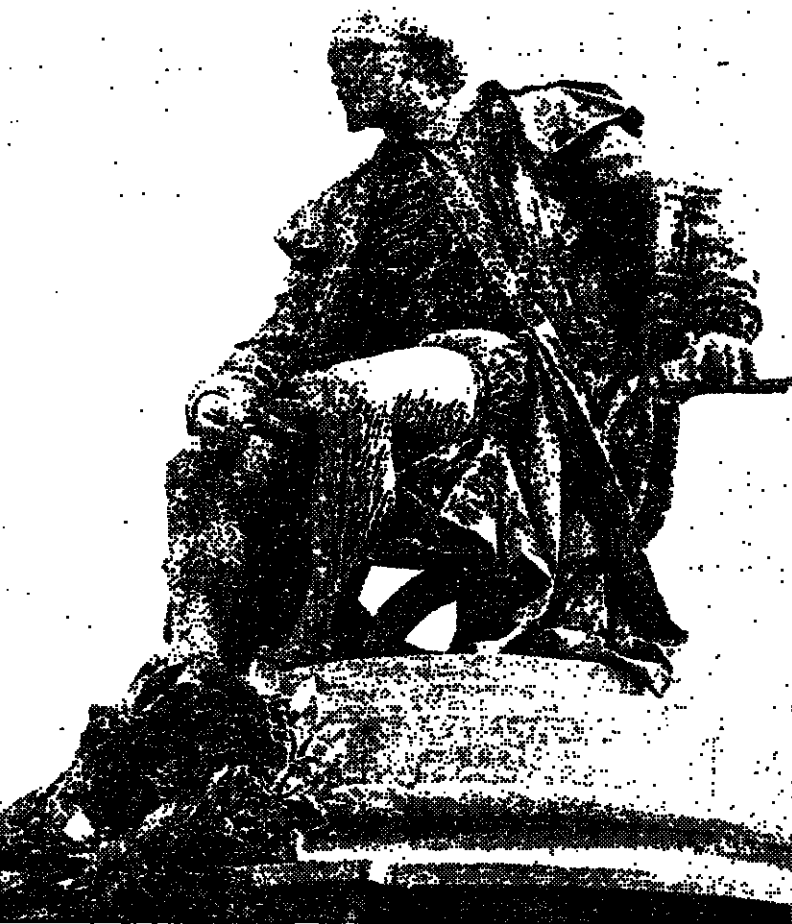
Yes, you need to swot for a weekend in Stratford. There are places worth visiting in the neighbourhood — Ragley Hall, Compton Wynyates — but you need to hone up on the text as though you were any schoolchild.

Finding somewhere to stay in Stratford is not a problem, but finding somewhere decent is. I made the mistake of economising and lodging at a mean little bed and breakfast. Of the hotels, I have heard good reports of the Arden (the latter is certainly the best-placed for the theatre). Tourism at Stratford engenders, I fear, much arrogance and carelessness among local hoteliers and restaurateurs. I came away feeling that Stratford was not the natural home for the RSC. If anywhere, it should be Southwark in south London, and I would propose rebuilding The Globe, if it did not entail demolishing the offices of a distinguished newspaper.

For accommodation, bookings, etc: Stratford Tourist Office, tel: 0789-294466. Details of Shakespearean productions (0789-295623). The RSC offers packages with ticket, meal and accommodation (0789-414999).



Stratford — for those who want unadulterated bardolatry — the Royal Shakespeare Theatre is pictured above with a statue of the bard below. Opposite: some of Cheltenham's diversions



Queen Laura Ashley rules the wolds

THE COTSWOLDS are English civilisation embodied: a model of Anglo-Saxon enterprise and prettiness. That strikes anyone coming to the Cotswolds from the more mountainous, more down-to-earth Celtic fringes. The manicured untidiness of the cottage gardens, the lack of slurry stinks, the barns fitted out not for cattle but computer analysts: all very peculiar, if you come to the Cotswolds from the other side of the River Severn.

A separate tribe lives in the Cotswolds, ruled by laws laid down by Queen Laura Ashley and firmly resisting any compromise of its ethnic purity. Has there ever been a time when these people were not trading in antiques? Primitive foragers, apparently, dealt in wool, but the only fleecing that now goes on is that of American tourists, who are still deluded by the surface rurality of the Cotswolds and come in good numbers.

The generation of Britons that had *Cider With Rosie* as an "O" level set text will be well primed to make a weekend in the Cotswolds, and the city council has installed itself in analysts where yokels should have been.

Laurie Lee yet pads about his native village of Slad, presumably aware of the gulf between his youth and old age. But what would he have done with this part of the country, if not set it in the aspic of English nostalgia?

At least it is spared a 20th century coat of tarmac, and so it remains a very pleasant — bordering on the nauseating — place to stay.

Nausea is easily avoided if you come down off the white wolds and down on to the days; away from the villages and into the towns. By all means choose a country hotel, where there is quiet, and as of Tippet's *New Year Suite*, along with acrobatics from the State Dance Company of Georgia and minimalist Gothic opera from Philip Glass.

There are generous rations of Bohemian composers, especially Dvorak, and pinches of Bohemia in the fringe programme, too, even if *Attila the Stockbroker* is described as a "household name." On any weekend between now and July 22, there should be some item of the festival that suits the visitor, high brow or low.

Gloucester is not a Regency town. It cannot compete with Cheltenham as far as spa town diversions go (if, indeed, many

people would want to take rides in a pony trap from the pump rooms).

But civic developments in Gloucester are worth inspecting, and the city is compact and walkable. There were once docks at Gloucester: this port area, dominated by Victorian brick-built warehouses, is being translated into a place where people may

Where to find good music, good buildings and good beer

both work and amuse themselves.

Such warehouses are readily turned into office premises, as demonstrated some years ago in Copenhagen, and the city council has installed itself in two of these buildings.

Councillors can see from their offices another development of which they may reasonably be proud: the future home of the Bank of England's overseas credit department.

The demolition of a monstrous car-parking block and the restitution of a handsome Benedictine priory are included in the next stage

of the city's belated penance for the "sacrilege" (HRH The Prince of Wales) done to the skyline around the cathedral.

Gloucester cathedral deserves at least an hour of a weekend in the Cotswolds. As an abbey of stolid Norman dimensions, it yielded a space for the tomb of Edward II, "foully murdered" in a West Country castle. Edward II was, in West Country argot, a "shirtdrifter," and the foulness of his murder is commemorated by a Gloucester band called Edward the Second and the Red Hot Pokers. But the kindly abbot who took in the king's body was rewarded: pilgrims poured in, and the church soared into the Perpendicular.

Good music at Cheltenham: good buildings at Gloucester. You will find good beer in the Cotswolds (Dorchester), and, if lucky, good food. Insist on local sausages for breakfast.

What is finally needed is a good book. Laurie Lee I would leave to teenage Eng. Lit. students; more challenging is the work of Ivor Gurney.

Gurney is among a handful of distinguished musicians from this area (including Holst and Vaughan Williams), but it is his "hobby," poetry, by which he is now better known. P.J. Kavanagh has edited a volume of Gurney misleadingly

entitled *Collected Poems* (it is actually a selection), and that would make good company. Gurney, broken by Paschendale, spent days and nights wandering the Cotswolds and the Severn meadows; even his most prolix poems, written in a London asylum, send shafts of light on the landscape.

Do him the honour of a read: 1990 is the centenary of his birth.

Accommodation: Wyck Hill House, near Stow-on-the-Wold, offers breakfasts in a hotel whose views alone recommend it: tel: 0451-31936.

WEEKEND HIGHLIGHTS OF THE CHELTENHAM FESTIVAL

Today: *The Fall of the House of Usher* (Music Theatre Wales); July 14: *Giselle* (Northern Ballet Theatre); Friday July 20: Mozart's Requiem, Salford's Coronation Te Deum (Hanover Band and Chorus); Saturday July 21: *Cosi fan tutte* (British Youth Festival Opera).

Sunday July 22: Dvorak's Cello Concerto in B minor, works by Weber and Vaughan Williams, and Paul Patterson's Symphony Op.69 — world premiere (Royal Philharmonic Orchestra).

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MOTORING

An assured welcome

Stuart Marshall on the Peugeot 605's bloodline

THE PEUGEOT 605 would have gone on sale in Britain some weeks ago but for a prolonged strike in its French factory last year. Now it will not arrive before early September.

It is sure of a warm welcome. In the main, potential buyers (or company car users who can pick and choose) will be those wanting to replace an old Peugeot 505. The 605 would also be a logical choice for people now driving the smaller 405 who would like a bigger but essentially similar car next time.

Recently, I sampled some pre-production right-hand drive 605s. They were a brace of 2-litre, one a 5-speed manual, the other a 4-speed automatic, and a high performing, four valves per cylinder V6 3-litre with manual gearbox. Clearly, the 605 is of the same blood line as the 405. At a glance, you could mistake one for the other. Most of its mechanical components, barring the suspension, are shared

with the Citroën XM, but the big Peugeot feels quite different.

The European Car of the Year Award-winning Citroën XM is much less idiosyncratic than the CX it replaced but is not so comfortably conventional as the 605.

I say comfortably, because the 605 has obviously been designed to seduce buyers or users out of their BMW 5-series, Mercedes 200-300, Ford Granada, Rover 800 and Volvo 760. The XM has many virtues, but conventionality is not among them. Business drivers who have had any of the cars I have just listed would settle happily into a 605. The XM, I reckon, is for those who set higher store on a touch of individuality.

Like all Peugeots, the new 605 combines a wonderfully shock-absorbent ride with safe, predictable handling. The 2-litre, 4-cylinder cars are more than adequate performers. All have fuel injection, catalytic converters, power steering, remotely controlled central

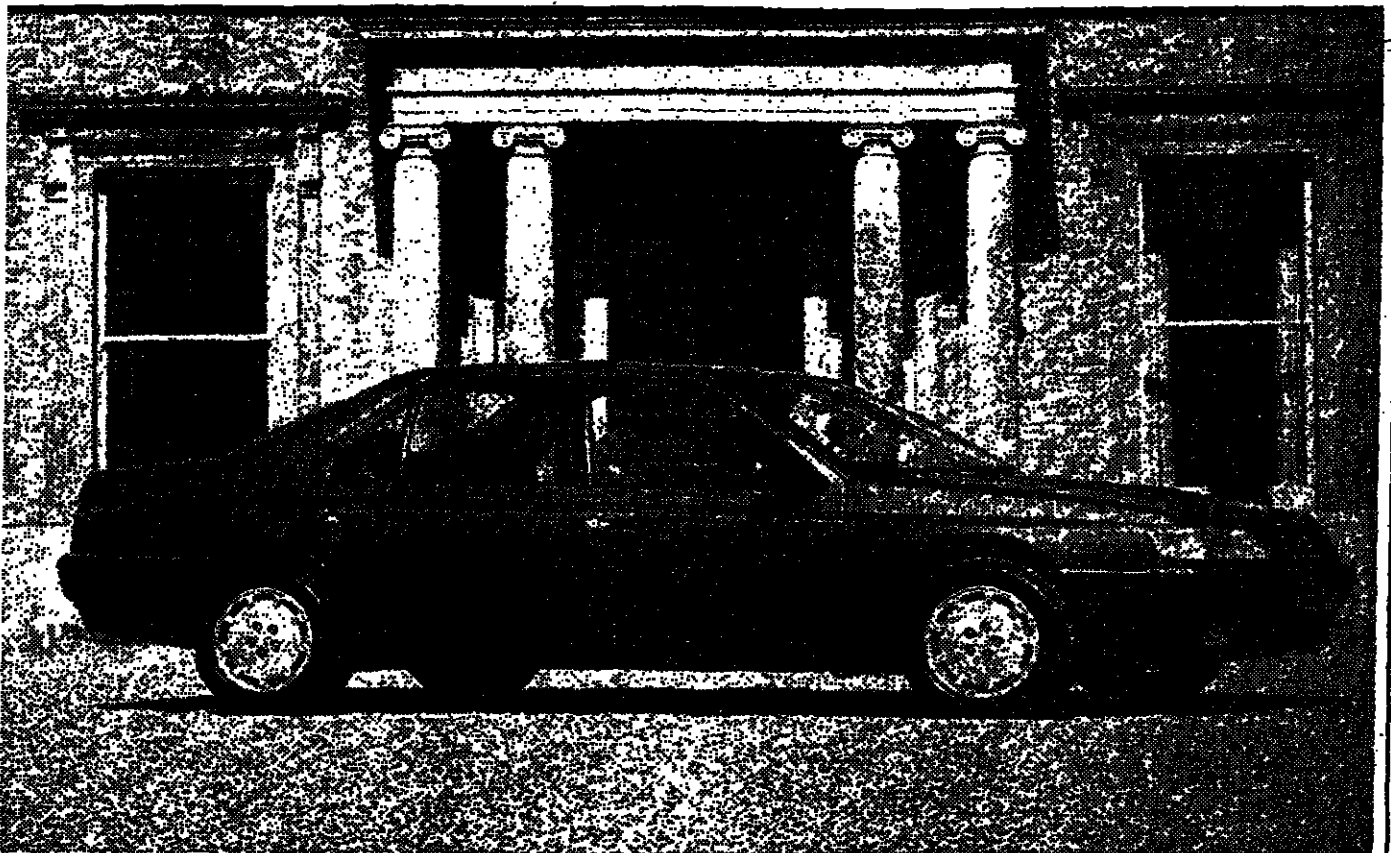
locking, adjustable steering wheels and electric sunroofs as standard.

As the price goes up, the better the interior becomes — the top 2-litre SVI model has power-adjustable seats and wood trim on console and fascia. They are just what many middle-rank managers want — or so Peugeot UK, with an eye on the fleet market, reckons.

The top SVI trim level is carried over to the V6 engine cars. These are much better properties, particularly the 200-horsepower 605 SVE24, which is a car to be compared, say, with the Alfa 164 V6.

A drive in a 605 SVE24 with manual gears showed it to be flexible as well as potent. It was easy to drive in heavy traffic because it pulled powerfully in top from 30 mph (50 km/h). Most UK buyers will go for automatic transmission, which will make it still more civilised.

Prices will be announced nearer the UK launch but a £15,000 to £25,000 range is forecast.



Peugeot's 605: unadventurous, but the ride is wonderfully smooth.

An optical view of mirrors

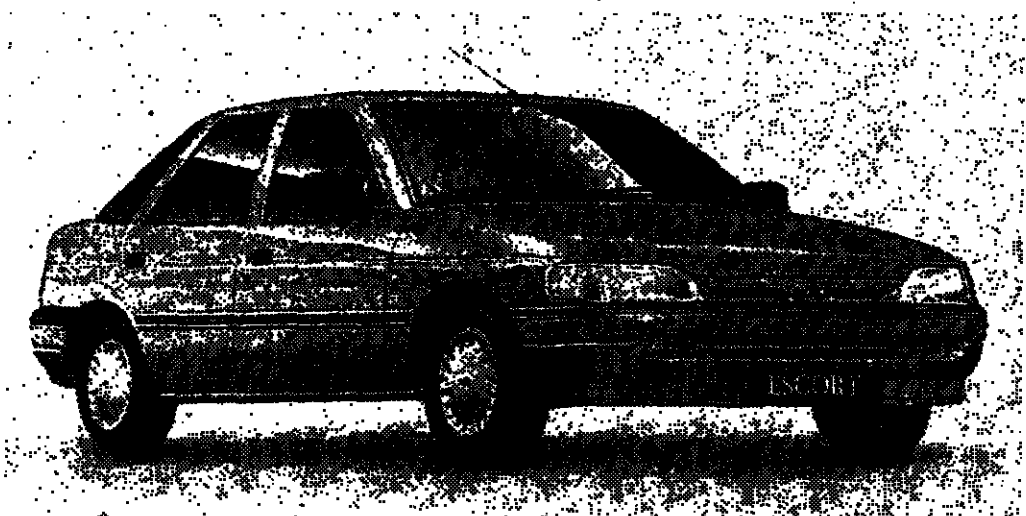
WHILE exterior mirrors are essential, car stylists hate them. They look like the appendages they are and create both aerodynamic drag and wind roar.

Motorists have no choice to love them, either. One of the most common minor accidents is to touch off-side mirrors with a car coming the other way on a narrow road. There is a bang, both glasses shatter, and the combined repair bill can be more than £100.

An interesting project being developed by a British company, de Montfort Management (tel: 0543-250-666), replaces the pair of projecting mirrors with glass elements mounted on the forward edge of the doors and roughly parallel with the car's centre line.

Clever optics give the driver a view of overtaking traffic in small windows inside the car, positioned at either end of the fascia.

S.M.



Ford takes no chances

ONCE BITTEN, twice shy, Ford is taking absolutely no chances of putting customers off its new Escort by making it look too avant garde, as happened with the aerodynamic, jelly-mould-shaped Sierra in the early 1980s.

The first official photographs of the 1991 Escort hatchback and Orion saloon, due for launch in September, show it to be bland almost to the point of anonymity. It has similar styling to the US Ford Escort which made

its debut at Detroit Show last January, though by all accounts is different underneath.

A test fleet of 350 Escorts and Orions is now in the hands of high-mileage motorists of all kinds in six European countries. They include business and private owners as well as public authorities. Ford, which adopted a similar tactic with the new Fiesta two years ago, says it is keeping a close watch on their reliability, economy and all aspects of quality.

It could be the time to think small...

Why business car drivers may be taken down a peg or two

WE MAY have to get used to smaller-engined business cars in future. At the moment, the norm seems to be 2 litres and over at director level, from 1.8 to 2 litres for middle to senior managers and under (in many firms, well under) 2 litres for the troops.

Large cars with big engines put more carbon dioxide into the atmosphere than smaller, less powerful ones. Output of this gas, once thought to be harmless but now perceived as the villain of the global warming piece, is proportional to the quantity of fuel burned.

Catalytic converters, which get rid of nearly all the poisons in exhaust emissions, slightly worsen an engine's fuel efficiency and thus increase the amount of carbon dioxide it puts out.

As an earnest of good intent by a Government wanting to be seen to be Green, taxation on large-engined cars could rise sharply in the next Budget. Many in the motor industry thought it would last time.

At the moment, the important cylinder capacity tax break for executive class company cars is 2 litres. If Labour should be returned to power in two years time, a financial clamp down on

larger company cars is a certainty.

Already there are signs of a coming purge against illegally high speeds on motorways — and I don't mean the 80-85 mph (130-140 km/h) at which a high proportion of business motorists drive.

If no obvious danger is involved,

'Driving a small-engined version of an executive car need not be a penance'

police usually turn a blind eye. The Association of Chief Police Officers has officially advocated raising the limit to 80 mph. But the Government, fearing a backlash from every kind of environmental organisation, has ignored its plea.

Apart from breaking the law, driving a car at 100 mph (161 km/h) and more burns more petrol — and puts more carbon dioxide into the atmosphere — than driving one at the legal 70 mph or winked-at 80 mph.

A number of three-figure motorway

speedsters have already discovered that some police forces are using highly sophisticated electronic meters. If they catch you doing 100mph-plus, the fine can be heavy. Much worse is the short-term disqualification magistrates frequently impose. As environmental awareness increases, driving at seriously illegal speeds could become as socially unacceptable as drink-driving.

Driving a small-engined version of some of today's most sought-after executive cars need not be a penance. Take the BMW 518i for example. The 6-Series BMW was introduced with 6-cylinder engines of between 2 and 3.5 litres.

Before trying a 518i I had made up my mind it would probably be a gutless wonder that had to be rowed along with the gear lever. Not a bit of it. True, it lacks the top-gear flexibility of the larger in-line sizes but the 1.8 litre, 115-horsepower 4-cylinder engine was as sweet as a nut.

Obviously, one has to make reasonable use of the 5-speed gearbox (there is no automatic option) to ensure good progress and it does not exactly leap away from a standstill. But on the motorway it was as quiet and refined as a six at business drivers' speeds.

Take the identifying number of the boot lid and I doubt that many would know the difference between the £16,450 518i and the £21,575 520i — and it has the same equipment level.

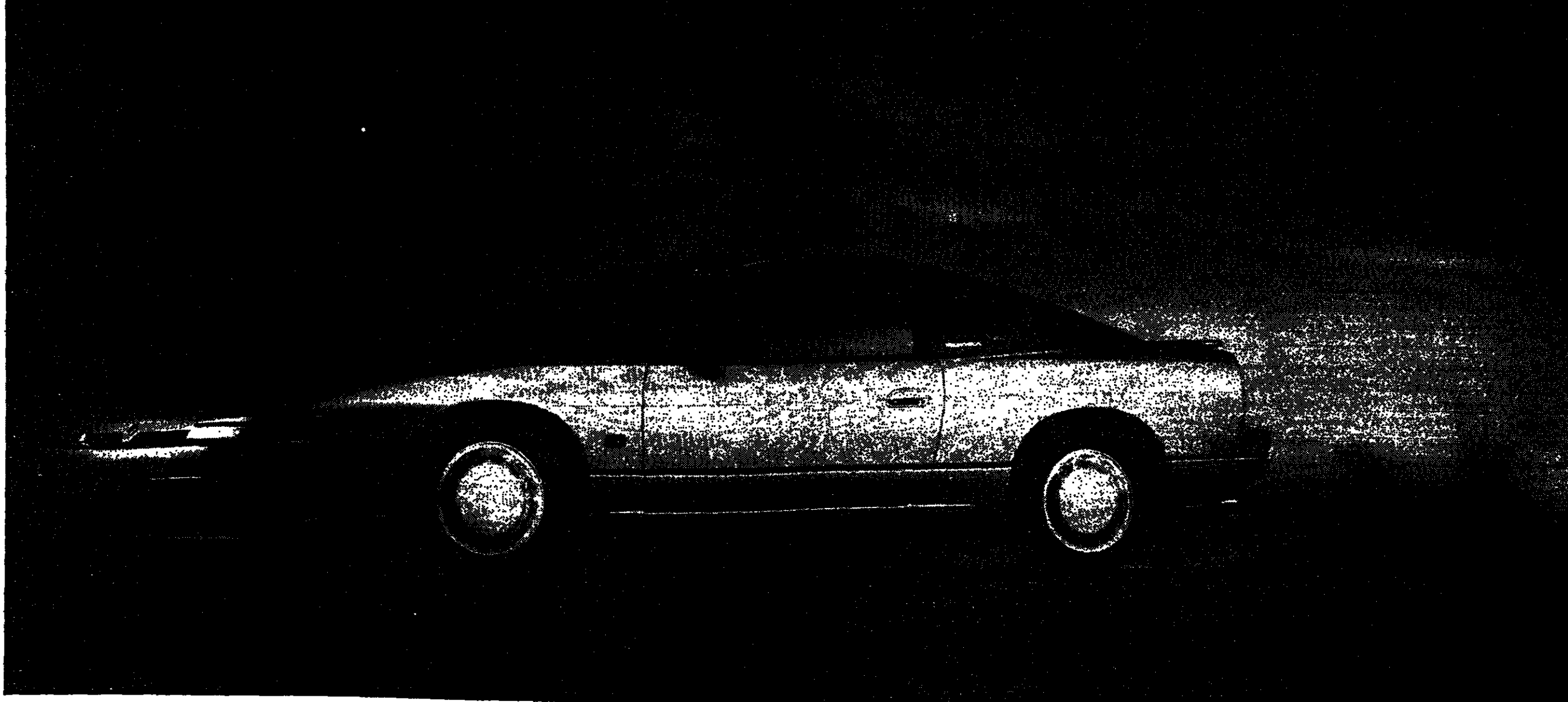
I have not yet tried it, but I don't doubt that the newly introduced Mercedes 190E 1.8 will be just as satisfactory. Although it has the smallest engine used by Mercedes since the old 190 went out of production in 1982, its performance and economy should be better than that of the 190 with a carburetted 2-litre. It is available with manual or automatic transmission from £15,190.

Alfa Romeo, too, has introduced a new, manual-gearbox-only version of the 164 with a 2-litre, 4-cylinder instead of a 3-litre V6 engine and costing from £15,500 upwards. If anything, it is even nicer to drive than the V6.

Perhaps Saab, whose 900 is the same size as the Alfa 164, has been right all along. For many years it has used nothing but 2-litre, 4-cylinder engines and even its new 2.3 litre is a 4-cylinder, with twin balancer shafts to ensure ultra-smooth running.

S.M.

0-60 in 6.5 seconds. Fast becoming Britain's most talked about sports coupé.



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BOOKS

Round-up in Greenland

Anthony Curtis reckons that this author is on to a good thing

GRAHAM GREENE is nothing if not methodical. Having some time ago satisfactorily settled the question of his biography, by appointing Norman Sherry to write it, volume one appeared last year - he is now turning his attention to those of his pieces which have never appeared in book form before. *The Last Word* contains short stories all (with one exception) previously uncollected. Sometime next year we shall have a volume, *Reflexions*, consisting of a round-up of hitherto uncollected articles and essays.

Indeed, Greene seems determined that there shall be nothing in the form of *indis* for others to mop up and publish after he is dead. Last year we also had *Yours. Etc. Letters to the Press*.

THE LAST WORD AND OTHER STORIES

by Graham Greene

Reinhardt Books £11.95, 150 pages

1945-1989 and a rather expensive rarity. *Why The Epigraph?* at £30 from the revived Nonesuch Press. Epigraphs are the quotations from other writers that Greene places at the front of his books. That extremely slim volume reprinted all of these, from sources as diverse as Balzac, Hardy, Newman, C.M. Yonge, Kierkegaard, Kinglake, Oliver Wendell Holmes, Walt Disney, and R.V. Warder (in a pamphlet on leprosy), with Greene's brief explanations as to why they have been chosen. In one or two cases he could not quite remember. Where to make an end? There seems still to be scope for more volumes of this kind. It is well known, for example, that Greene keeps a dream diary. He switches on the light after he has had a dream and notes down as much of it as he can remember. Other people's dreams are usually rather tedious to hear about, but *Across the Borderland: The Collected Dreams of Graham Greene* could prove to be an exception. Yet another possibility might be *Recommended: The Collected Puffs*. Mindful of his own youthful struggle to get his books widely read, Greene has been consistently generous to the many young authors who send him their novels as the proof stage, often providing an enormous volume which can then be printed on a band and wrapped around the jacket. Thus, Piers Paul Read's first novel *Monk Dawson* elicited: "A remarkable novel. Witty, even cynical, observation leads to a conclusion profoundly moving." In recent years the incidence of these puffs seems to have increased. A volume on strictly chrono-

logical lines would show interestingly which of Greene's geese ultimately became swans.

The Last Word is not arranged on chronological lines even though its contents range from a story published in *Oxford Outlook* in 1923 to three in *The Independent* in the late 1980s and one that has never been published anywhere before. You can discover this from a note at the start, but it would not have done any harm to have put the first publication date in square brackets at the end of each story because it frequently has a bearing on the contents. Two stories, for instance, "The News in English" and "The Lieutenant Died Last," first appeared during the war, and treat such threats then to our security as Lord Haw-Haw's radio broadcasts and a possible German invasion in a whimsical manner which, at this distance of time, can be enjoyed for its own sake. Another two stories published recently, the title story and "An Old Man's Memory," take us into the near future, and both centre upon an event that Greene imagines occurring then. In the first the Pope, the last surviving Christian, is about to be executed. In the other, a terrorist bomb explodes in the by now fully operational Channel Tunnel, causing carnage and utter chaos. Both are short, frightening tales, the latter especially so as it seems more likely to happen in reality.

The new story, "A Branch of the Service," is a double send-up of restaurant guides and intelligence work which falls rather flat but some of the other recent ones like "The Moment of Truth," about the waiting diary of cancer and the two American tourists, read more poignantly than they did in their pristine newspaper format. "The Lottery Ticket" is almost a self-parody of Greene's Mexican manner, and "Murder For the Wrong Reason" a conscious parody of near-parody of Conan Doyle: "A long band of yellow light from a street lamp fell between them, and the band was constantly speckled and its appearance altered by the invisible gusts of rain." Apparently Greene wanted at one time to write a straight full-length detective story.

In the introduction to his *Collected Stories* in 1972 Greene described them as "escapes from the novelist's world." That would seem to apply here, too, but the volume also reminds us that Greene the lover of practical jokes, the winner of *New Statesman* competitions - Greene the Jester - is always being made to stand down in favour of the other Greene, the Apologist, who tells us that in the longer term escape is not an option for any of us.



Either side of the green baize door

TWENTY-FIVE years ago Margaret Forster was meticulously savaged by Angus Wilson in the BBC TV *hospitable* room after the had been chosen to read *Lady's Maid* on a book programme that Jane Austen was less than perfect because she never mentioned the servants. It all came back to me as I read *Lady's Maid* which, though not justifying her stance on Jane Austen, is a decent, workmanlike piece of imaginative reconstruction of the physical and emotional circumstances on the other side of the green baize door in 50 Wimpole Street.

Elizabeth Wilson was Elizabeth Barrett Browning's maid, who helped to effect the famous literary elopement and thereafter stayed with the Brownings until Elizabeth's death. This is a spin-off from Forster's well-received biography of the poet and, though constrained by the few facts that are known about the heroine, it succeeds admirably in presenting the other side of what Forster obviously regards

LADY'S MAID
by Margaret Forster
Chatto & Windus £11.95, 336 pages

THE LIGHT YEARS
by Elizabeth Jane Howard
Macmillan £12.95, 418 pages

as a somewhat dubious coin. Barrett's inhumanism towards a powerfully controlling weapon; her attempts to "improve" Wilson are not a thousand miles away from the appalling Gergers in *The Wild Duck*. Forster's treatment of Barrett's vagaries implies a well-justified criticism of ill-tempered progressive thinking: the poet misses the peasant's consciousness but fails to follow through or acknowledge the consequences.

Wilson's battles are with a fate from which no amount of education and condescending affection can free her: she loves her mistress, whose

whim of iron makes no allowances for the servant's own life as a wife and mother. It is accomplished, beautifully written in a style which falls at the acceptable end of pastiche, and is packed with discreet domestic detail.

We seem to be in a period of expensive detail: here is Elizabeth Jane Howard, whose modestly perceptive novels I have long admired, coming up with the first part of a huge family saga which, if I guess rightly, will increasingly focus on the development of the female

characters. *The Light Years* starts in 1937: and if you want to know exactly what the middle classes wore, ate, sat on, slept in, listened to, what they did and what they used for contraception, the Cazalet family is your guide. That apart, there are some good currents getting under way: Edward looks like bad news; his wife Villy is going to be interesting; Sybil and Hugh are too considerate; Rupert has made a bad mistake with his second wife Zoe; and the children are sensi-

tive and loquacious. It is all deeply middle-class, minutely pinpointed, dated (presumably deliberately). But do not underestimate this author: it all bodes well. And it will be interesting to see whether the style will adjust to changing attitudes as the themes of awakening feminine self-knowledge and assertiveness develop in future volumes. Meanwhile, as *The Light Years* and the lights are about to go out all over Europe.

Mary Hope

Man with a mission

THE assumption of this book is that there are two different religious traditions in the West: the dominant and traditional one called "fall/redemption theology" and a lesser-known one called, in Fox's words, "creation-centred spirituality." *Original Blessing* consists largely of an outline of the four "paths" which make up this creation-centred spirituality, and 26 themes which fall under these paths. Each path and theme is briefly described, and illustrated by quotations from thinkers of the past and present. These sections of the book are deliberately curtailed to leave the reader plenty of scope for reflection; they are valuable for that, and for introducing readers to material which may be unfamiliar; many of Fox's other publications have the same purpose.

So far, so good. But *Original Blessing* does not merely present food for contemplation; the book is informed by an underlying militant purpose. Fox - who is visiting Britain this month - is known as a prophet of creation-centred spirituality, and he roundly condemns the other, dominant model. It is not surprising that, despite being a Dominican priest, he has incurred the official displeasure of the Church.

Creation-centred spirituality is claimed to respond to people's current needs far more effectively than the fall/redemption model. The evidence is familiar: Western culture is in scientific, ecological and spiritual crisis, and a "paradigm shift" is taking place. Creation-centred spirituality, it is declared, responds to the upcoming paradigm.

In describing both his allies and his enemies, Fox does not misuse words. Fall/redemption theology is accused of responsibility for all the ills and sicknesses of today, on a global

and individual scale. Though it is never fully spelled out, the underlying problem with the enemy is evidently patriarchy, as opposed to the softer virtues of eroticism and ecstasy, environmentalism and holism.

Above all, Fox is passionate, and will convince many because of his passion. But what we are to make of his blanket condemnation of those of

whom he disapproves? It is difficult to find traces of the injunction to love one's enemies in this book.

Do we begin to see a paradox? If Fox's camp embraces holism, why is the book so divisive? And by a perfectly normal use of the words, Fox can be understood to say that fall/redemption theology has put us into a fallen state, from which we can be redeemed by creation-centred spirituality. But the fall/redemption model is the model he is fighting against. This is not a gift point: Fox is too dualistic himself, too ready to see enemies and not to reach or teach some kind of middle way. We meet, for instance, the cliché of praise

ing right-brain activities and condemning left-brain activities; but these are not different levels of activity, so that one can say one is better than the other, they are merely different. What about a higher synthesis? What about not denigrating any of our God-given faculties? How can one half of Western religion have a monopoly on celebrating the whole? The whole lies elsewhere, and I doubt that Matthew Fox will find it where he is looking. In the meantime he is in danger of misleading a large number of people, because passion and conviction are easy to follow.

Fox is creating, or at least perpetuating, division in order to reinforce his message. This is a familiar tactic but never a justifiable one: it has often been a favourite ploy of demagogues and gurus. You will either love this book or love it. When Fox tours Britain this summer, the same divided reaction is likely to attend the man himself. One can perhaps respect the fact that he is no armchair theoretician: he gets stuck in; he is a man with a mission. But he suffers from the illusion that what works for him (and for many others) must be a universal truth.

ORIGINAL BLESSING
by Matthew Fox
Bea & Co. (Austrian by Element Books) £5.95, 348 pages

Robin Waterfield

Tuned in to buildings

A NEW book by an old master in an event. Sir John Summerson wears with honour the title of the doyen of architectural writers and historians on whom he has had an enormous but discreet influence. This new volume of 16 essays, all but one of them published before as lectures or in periodicals, will join *Heavenly Mansions* as a classic of architectural literature.

The essay is a form that suits Sir John's particularly lucid and penetrating style. He does not have to say a great deal to make his point. When, for instance, he combines the word "suave" with "Georgian mansions," we suddenly see those houses in a new way; the connotation suggests a moral as well as an architectural judgment.

The essay which gives this collection its title was first published in 1940 and is an account of Ribblesdale in Derbyshire where he spent part of his schooldays. These he describes as "among the most luminous and liberating of my life." And what the appetite for a full length autobiography which is rumoured to be in preparation. John Piper's photographs and Summerson's text reveal the essence of a late 19th century businessman's fantasy, a product of, as Summerson puts it, "the haunted, cluttered mind of a man who had seen the Alps, visited the cathedrals, the castles, chateaux and absorbed some of the vanity of their builders."

The 15 essays are arranged chronologically by subject. The article on John Thorpe, the Elizabethan architect, is inspired by the volume of drawings that has been in the Sir John Soane Museum since 1810. Summerson does a little delicate detective work and informs that Thorpe was one of the first English architects to discover Palladio. The carefully selected illustrations are as illuminating as the text. They illuminate the difference between Thorpe, who saw Pal-

adio in two dimensions and Inigo Jones, who was to see him in three.

Jones's work in Covent Garden and at St Paul's is examined to prove that he was "the first Neo-classical architect." I found this essay slightly romantic in its view of Jones. It is easy for us today (or Summerson in 1964) to say that Jones, on the brink of the Baroque age, saw through it to the other side. Perhaps he did, but Summerson gives Jones almost mystic gifts, almost too bright a halo.

A tendency to be slightly but so politely outrageous colours

THE UNROMANTIC CASTLE AND OTHER ESSAYS

by John Summerson

Thames & Hudson £24, 286 pages

Some of the essays. In lectures Sir John's mandarin intonation allows for a level of irony that is harder to achieve on the printed page. For example, Christopher Wren was small of stature but was this the psychological key to his drive and determination to complete impossible enterprises? Does it not seem a little too Freudian to suggest that building the dome of St Paul's "solved the psychological problem of a man whose physical endowments were conspicuously below average?"

I would like Summerson to write even more about the complex psychology of Sir John Soane. After all, he lived with him and his papers as curator of the Soane Museum for nearly 40 years. The two Soane essays deal with that architect's morbid fascination with the furniture of death and an intriguing account of the design of the Stock Office of the Bank of England. Sources as apparently remote as the monk's choir of the Church of the Holy Sepulchre in Jerusalem are quoted as possible bases for Soane's halls and his rotunda for the Bank. Almost

half a lifetime living with Soane gives us remarkable insights into the mind of this haunted genius.

The one previously unpublished work is an account of the social and technological forces that shaped the Victorian building world. It has a special value because the study of the materials and the men that used them is written by a scholar with an architectural understanding. It does more to explain "why" Victorian buildings happened the way they did than any account of styles and architectural fashions. Three other essays approach the Victorian period in a more conventional way, but they too are illuminated by the originality and appropriateness of the pioneering approach that unites architecture and buildings.

Careful and informed analysis of just one good building can teach the reader a great deal about architecture. To read the two pieces republished here on the School of Art in Glasgow by Charles Rennie Mackintosh and the unbuilt Liverpool Cathedral by Sir Edwin Lutyens is to acquire real enlightenment. Summerson has that rare gift of evocation by words of a complex three dimensional architectural creation or idea.

In the very last section of the book Summerson decides to republish an essay written in 1957 which proposes a "theory" of modern architecture. It is a curious thing to read today, and a revealing one. Summerson engagingly remarks that the essay marks the moment when the thought of his generation lost touch with the real world. How clearly the arguments are stated about the need to recognise the difference between design and those which allow design to be a form of human expression. This is a book to provide both pleasure and provocation.

Colin Amery

Keen eye, sharp tongue

THE TRIALS of youth, we are often reminded, have usually a very definite, sometimes a highly deleterious effect upon the shaping of an adult personality, but that this need not always be true is shown, for example, in the present revealing collection of early-19th century letters written by a shrewd and sensitive young woman to the sister she adored and regarded as her "Second Self."

Harriet Cavendish, afterwards Lady Granville, was reared for an exalted social position, but at the same time had inherited private problems of a peculiarly disturbing type.

She belonged to a self-willed, somewhat reckless family; and Devonshire House, their magnificent London stronghold, accommodated not only her taciturn father, the fifth Duke of Devonshire, and Georgiana, her famous and beautiful mother, but the duke's mistress, Elizabeth Foster and the two illegitimate children she had already borne him, whose presence was cheerfully accepted by his earlier brood.

Harriet and her sister, on the other hand, both detested the pretentious and affected "Lady Liz" and, when their mother died and the mistress stepped into Georgiana's place, she herself began to think of marriage.

The alliance she decided on was unexpected. Lord Granville Leveson Gower, a 36-year-old dandy, gambler and elegant man of the world, had long been "loved almost to idolatry" by her own aunt, the middle-aged Lady Bessborough; he was assumed, indeed, to be the father of Harriet's two cousins, Harriette and George Stewart; and they themselves were an accepted part of the crowded Cavendish domestic scene.

At this point a modern moralist might have expected to see a cloud gathering. Yet none appeared. Granville, of whom his associates said that he could "make a desert smile," proved an admirable husband with whom she soon fell passionately in love. Besides enjoying his company, she appreciated his romantic good looks, which included brilliant blue eyes in which Lady Bessborough declared she had "looked her life away." Until the end of their long marriage Harriet Granville remained his devoted admirer and aide. She had always a warm heart and remained the well-known diarist Charles Greville, "strong feelings, enthusiasm, delicacy, refinement, good taste . . . and a bonhomie which extends to all

around her." Clearly her youthful troubles had never warped her disposition; and the letters she addressed most often to her cherished sister, but also at times to her amiably eccentric brother, Lord Hartington, or her one-time governess, the learned and pious Miss Selina Trimmer, reflect the excellent qualities that Charles Greville, Harriet Granville's ambassadorship she treated with an equal frankness. Her letters bring us vivid glimpses of many prominent political figures of the age, among them the arch-turcoat Talleyrand and Fouché, the ex-terrorist later royal chief of police. "In the doorway I met Talleyrand walking out; he did not speak to me, so I only had the satisfaction of seeing his dirty, cunning face . . . after him came Fouché, a little spare, hollow, shrewd-looking man who seems to unite all parties in one common feeling - horror of his character and the policy of not betraying it."

Harriet Granville's literary gifts, however, were not necessarily confined to the famous or the infamous. She frequently displays in a brief yet sharp-edged paragraph some completely unknown guest who had happened to cross her ambassadorial threshold. A certain Miss Crofton, we are told, was "stepping about like a peashew." "That is all we know of the poor Miss Crofton. But thanks to the writer's descriptive skill, she continues to linger in the memory."

Peter Quennell

JULY - NON FICTION

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ARTS

The FT has invited 50 people to paint, draw or sculpt their favourite tree to raise money for the East of London Community Forest.

Drawn to sylvan pleasures

MY FAVOURITE Tree is the theme of an unusual exhibition being held by the Financial Times at the Imaginative Gallery, 25 Store Street, South Crescent, London WC1, from next Monday until July 18. Over 50 prominent people responded to an invitation from the FT to paint, photograph, draw or sculpt their favourite tree. Among the artists featured in the exhibition are the Prince of Wales, Sir Geoffrey Howe, Henri Cartier-Bresson, Ralph Steadman, Koo Stark and Bruce McClean.

On July 19 the works will be auctioned to raise money for the East of London Community Forest, one of 12 such projects being established by the Countryside Commission and Forestry Commission. The auctioneers will be Sir Derek Barber, Chairman of the Coun-

tryside Commission, and the actress Maureen Lipman, veterans of a crash course in auctioneering provided by Sotheby's.

All contributors to the exhibition are people concerned by environmental issues. As one might expect, their favourite trees show enormous variety in style and interpretation. There is the tree which looms peacefully over the potting shed, and the politicised tree laden with crowns to illustrate a tag from Thomas Paine's "Rights of Man." The tree of wish fulfillment is the vast mulberry which illustrates Lynda Gray suspects she will never own. Architect Nick Grimshaw shows a photomontage of the trees in Regent's Park which he walks past on the way to work. His thought is that they are hopelessly inadequate to cope with the environmental pollution

caused by car-drivers.

A number of the artists have been struck by the destruction of trees caused by the Great Storm of October 1988 and then again this February. Anthony Eyton has noticed that the walnut tree he used to paint now sprouts full length, although it is still in full leaf. Richard Cowper has photographed from close up the shredded entrails of a great felled monster. Henri Cartier-Bresson's image is a striking one of a tree felled and sawn into chunks.

The FT's own artist-critic, William Packer, dwells on a more soothing, mildly gastronomic image. He exhibits a study of a heavy-headed French fruit-tree, the sort that will recall to viewers memories of plum-stealing along the verges of minor roads. Not surprisingly, the treescapes of Wales, England and Scotland are the ones which recur most

often. There are gallant, scarred survivors which cling to windswept limestone bluffs, and then there are the trees which grow so preternaturally lush on the great English landed estates. Sir Geoffrey Howe's favourite trees evidently have more towards the latter sort. He exhibits a highly romantic photograph of the rolling woods and meadows which enfold Chevening. It is very English and idyllic; it is, as the caption reminds us, the calm before the storm.

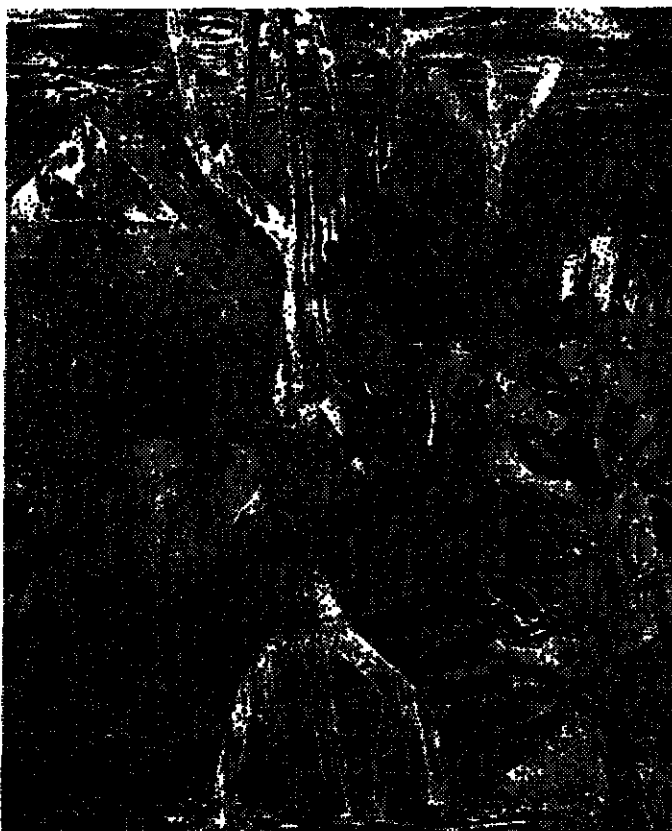
My Favourite Tree offers many sylvan pleasures, abstract or representational, witty or poignant. For tickets to gain entry to the auction, apply to Carole Seawert at the Financial Times (071-873-3000). (The exhibition is open 12.30 pm - 6 pm weekdays; Saturday 10 am - 6 pm; closed Sunday).

Patricia Morison



"Wensleydale from Moorcock" lithograph of a watercolour sketch by Prince Charles (copyright A.G. Carrick Ltd)

The challenge of Thames Chase



"Beech II" oil painting by Tricia Gillman

IT LOOKS fine on paper: a project to create 36 square miles of woods, lakes, meadows and parks, bridleways, cycle tracks and footpaths on the doorstep of one of the poorest and ugliest industrial dormitories in England.

The idea is to reclaim and beautify land on the edge of greater London left despoiled by quarrying and tipping and to establish a recreation ground for East Enders who are unaware that eggs come from chickens.

The project, sponsored by the Countryside Commission, the Forestry Commission and five local authorities in Essex, used to be called the East of London Community Forest. It is now to be known as "Thames Chase." The name evokes medieval hunting parties and open-air banquets, but it was really chosen to dispel the impression that the entire landscape would be covered with trees: a tactical decision, perhaps, because the project is not going to be an easy one.

The chosen area includes the brown edge of the Green Belt bordering the industrial suburbs of Dagenham (where Ford Motor has its big UK car plant), Romford, Hornchurch and Upminster. It runs up to

middle-class Brentwood and includes the drab enclave of South Ockendon where many of the Ford workers live. Some of the land is semi-derelict grazing for gypsies' horses, some is scrubby wilderness owned by property developers hoping for planning permission; most of the rest is agricultural.

It is an imaginative plan in tune with the times, the conservationists will say, but the difficulties are formidable. To begin with, the scheme is voluntary. Owners of land within the perimeter have been promised that there will be no compulsory purchase. Secondly, many of the local people seem indifferent. "The problem is trying to make it mean something to local people when they will have to wait 20 years to see anything," said Peter Wilkinson, the project's energetic young director. "Green issues are a middle-class thing; it's hard getting working people interested."

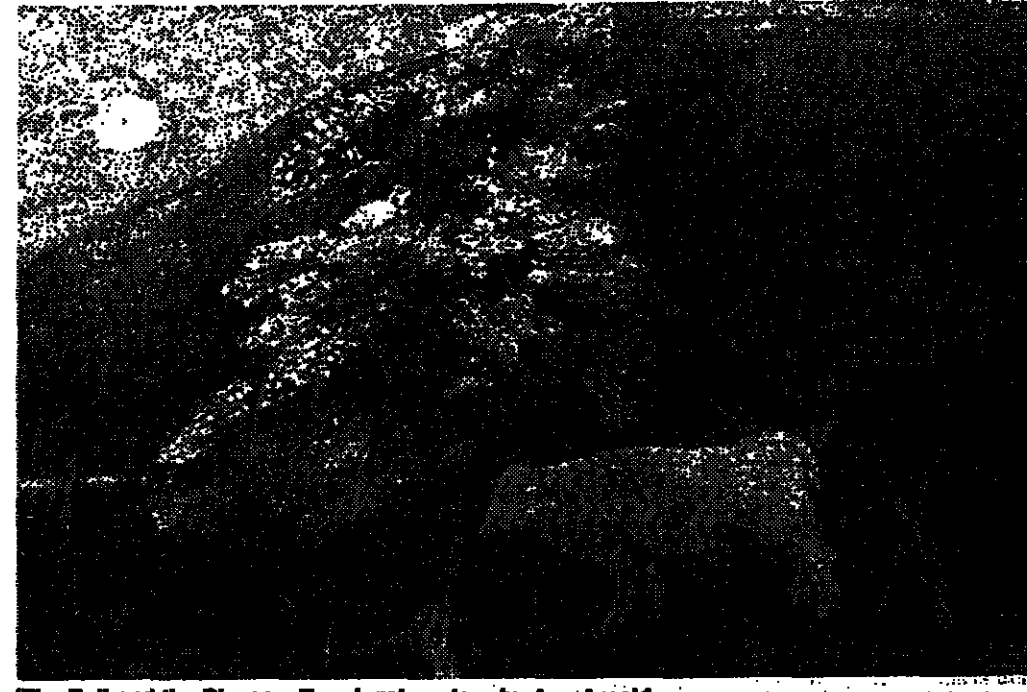
But the real obstacle is the farmers: the people upon whom the beautification programme mainly depends. Their reactions range from polite scepticism to furious opposition. Alarmed by rumours of annexation about 70 of them

turned up to Ye Olde Plough House hotel in the village of Bulphan recently. The rumours were quashed, but the mood was still hostile. Less than 20 acres of land have been pledged to the project so far.

Arthur Mee is one of the less vociferous farmers and also one of the biggest in the area. He and his son grow wheat, rape, potatoes and peas on 1,100 acres right in the middle of the "Chase"; they have land on either side of the roaring M25, London's orbital motorway.

Mr Mee keeps a very large Alsatian dog to protect his family against the gypsies, and perhaps also to deter the townies who flick his shrubs, pull up his potatoes and ride their ponies across his crops. "They can't tell the difference between wheat and grass," he said. Customers at his farm shop ask for new potatoes in March, and until he came to an arrangement with them, Greek and Italian restaurateurs from central London used to walk over his land shooting sparrows.

But the real blight on his property is "Thames Chase." The only way he could get the £1,500 to £2,000 an acre he says it is worth would be to sell it



"The Bull and the Blossom Tree" watercolour by Ann Arnold

off in small lots as others have done for "horiculture," his name for riding schools and equine grazing. "The area has been ruined, I agree, and something has to be done about it."

But he thinks the tree-planting subsidies offered are too low to persuade many farmers to turn arable land over to forestry. The conservationists' vision of sylvan glades rippling down

Christian Tyler

Saleroom Old Masters back in favour

AN EXTRAORDINARY thing has happened to the art market in the last few weeks. The speculative elements - Impressionist and modern pictures, classic cars - have died the death, brought low by spiralling, and unsustainable, price increases fuelled by investment money - while the traditional sectors - Old Master drawings and pictures, ceramics, silver, furniture - have attracted strong demand, and record prices. The connoisseurs have triumphed over the financial advisers.

Since the spring there have been record prices paid at auction in the financially straitened UK for an item of English silver, for English porcelain, for English pottery, and this week for an item of "English" furniture, the Florentine cabinet made to grace Badminton House fetching an astonishing £8.58m at Christie's. But equally strong this week have been the sales of Old Master drawings and to a lesser extent Old Master paintings.

For years Old Masters have been out of favour, losing ground to Impressionist, Modern, and contemporary art. So the extraordinary situation has arisen in which a painting by de Kooning attracts higher bids than a good Rembrandt and David Hockney outpunches Gainsborough, price wise.

There are obvious reasons

for this. Modern art is more comprehensible to the Japanese, the big money buyers, who find the iconography of Old Masters baffling and have so far shown limited interest in them. Old Masters can often be in poor condition; of unwieldy size for modern homes; of arguable provenance; and portray scenes outside the knowledge of most western collectors. Also the best works are already in museums: it is hard to build up a collection of rare Titians, or Guido Renis, or Hans Hoffmanns.

Which might account for the failure of an important painting, "The Hunt in the Forest," by Hoffmann, a leading artist at the increasingly respected court of Rudolf II in late 18th century Prague, to find a buyer at Sotheby's this week. It was unsold at £1.1m. Sotheby's could not persuade the vendor, who had paid £407,000 for it in 1983, to reduce his reserve.

This apart, the big summer Old Master auction at Sotheby's proved a success. What most pleased Julien Stock at

Sotheby's was the appearance of new private buyers in the saleroom. In a weak market the dealers hold off; they have less chance of selling on their stock. This gives private buyers the opportunity to acquire fine pictures at low prices. An energetic promotional drive by Sotheby's to tempt them into this recherché field paid off well enough for half the lots in the (cheaper) afternoon sale to go to private buyers, while in the important morning session they creamed off an impressive 30 works as against 31 bought by the trade. The fact that Stock had persuaded some sellers to reduce their reserves helped.

Christie's was offering the best picture this week and got the highest price. A diptych by the German early 16th century master Lucas Cranach I effortlessly leaped over its £2.5m high estimate, selling for a record \$4.5m. The auctioneer, bidder, probably Scandinavian. It shows John the Baptist, Elector of Saxony and his young son John Frederick, who

later became the Magnanimous Works by Cranach are very rare on the market.

But the dangers of returning pictures too soon to the market was illustrated when a powerful Neapolitan painting of the mid-17th century, "Samuel anointing David" sold for £330,000, well below estimate and even further down on the £1m that the Miami collector, who was seeking it, gave it at Sotheby's New York in 1989. All told he offered seven paintings bought in the last two years. Three failed to sell and the other four showed real losses on their purchase prices.

Like Sotheby's, Christie's managed to persuade some sellers to lower their expectations and to accept what were undoubtedly bargains. Even at £506,000, over twice its estimate, a Guardi Venetian view, badly in need of cleaning, looked reasonable when set against the £11m paid for a similar (but undoubtedly better) Guardi last year. But other paintings were weighed down by high reserves. An important work by Canaletto was unsold at £1.9m, and another by his predecessor Marieschi was bought in at £1.3m.

Apart from the Cranach the top price yesterday was the £770,000 paid for an ice scene by Avercamp, which was at the top of the market. Two more Dutch 17th century paintings by van der Neer and Hobbema, went near the low end of their estimate at £550,000. All told the auction made £13.1m, but the 35 per cent unsold undermined the fact that the auction houses still have a major task ahead to make Old Masters popular.

Antony Thorncroft

ANYONE WHO has read *The Picture of Dorian Gray* knows about *Rebours*. But will he know more than that it was "a simple novel" about a young Parisian who tried to realise all the passions of every century but his own, written in "a curious jewelled style"? For those who care to go further, Radio 3 repeated *Against the Grain* on Tuesday.

This is a free version by Peter Tegel. He has divided the hero, the Duc des Esseintes, into two, so he may argue with himself about the values of his experiments, designed to suggest every period but "his" vile century. He eats mule steaks, drinks "a symphony on the tongue" - Curacao, crème de menthe, vodka, kirsch, etc. - indulges the shell of a tortoise with semi-precious stones (it dies in a week), marries a lady scrobal, and so on.

He softens towards this vile century after a while; he likes steam locomotives, and he decides to go to England for the world of Dickens. He never gets beyond a meal at an English restaurant in Paris - oxtail, haddock, beef, Stilton, rhubarb tart, and conversation about the weather. Finally he says into bed with a cry of "my darling! my me! our existence is a dream."

I have never read *Against the Grain*, and I can only believe that Peter Tegel is sending it up. Little here could have enchanted Wilde. I am on the contrary side. I didn't say I liked it, I said it fascinated me, and so it did. Des Esseintes is played by John Rye and Brett Usher, a splendid couple, and the direction was by Richard Worley.

Radio 3 gave us a New

Radio Divided hero

Zealand Week to mark the Treaty of Waitangi's 150th anniversary (unrealised by most of us). This was mostly music - Kiri te Kanawa, Gillian Weir, Maori singing. Monday offered *Images of James K. Baxter*, claimed as New Zealand's best-known poet, though not to me. A prodigy at university, he did a series of ordinary jobs, spent three years on the New Zealand Literary Fund, and after conversion to the Roman church, became what was described as a bare-footed John the Baptist figure, and ran the Jerusalem Community for anyone, Maoris included, who cared to join. The verses read to us, with their jogged rhythms and casual rhymes, suggest Irish popular songs.

Radio 4's Monday play, *The Last of the Mohicans* by Ted Moore, was a close-up view of the kind of community one hears of every day. The titular Mohican, Walter, is closing down a factory where he has worked for 30 years. He has managed to get on decent terms with the middle-class young people who have moved into "the village" as the workers move out, though some of the specimens we meet are pretty ghastly.

There is a kind of story, several in fact - actual or potential affections, the recollections of the veterans, indeed their deaths. It is a truthful atmosphere rather

than the stories that makes the play. The closing of the factory might earn a couple of paragraphs on a financial page, but never mind the directors, nor the shareholders, we care more for the former employees. It is very sentimental, intentionally so I am sure, but I think the author might have avoided lines like "a kind of heavenly Bill, a headstrong old pensioner, or 'what shall we do with our new-found freedom?' for Walter, the Mohican. In general, though, I thought the

play moving, and the speaking, especially by Arthur Blake as euphoric Walter and James Garbutt as angry old Bill, very good.

Arnold Brown and Co now have the final Saturday half-hour on Radio 4, a slot where I have sometimes felt anything goes. Arnold Brown is different, anyway. He let off last Saturday with two dreadful jokes, but improved a lot later. He uses lots of ethnic jibes, delivered in a solid, mature voice that makes them much funnier than a consciously funny delivery would have. He dealt with Japanese, Serbs, (he is Jewish), Irish, South Africans, Pakistanis, and no real wackies anywhere.

B.A. Young

The Official London Theatre Guide

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SPORT

Wimbledon/John Barrett

New standards of precocity

WHATEVER THE outcome, today's final of the women's singles at Wimbledon will be historic. If, as most people expect, Martina Navratilova, the 33-year-old Czech-born American who is seeded No 2, beats fifth-seeded Zina Garrison, 26, of Houston, she will be claiming a ninth title, one more than California's Helen Willis Moody won in the 1930's.

If, on the other hand, Garrison upsets the form book (she has scored only one win in 28 meetings against Navratilova since 1982), then we shall be hailing a new champion who, before today, had never appeared in singles final at a grand slam event. Garrison would also be the first black woman's champion at Wimbledon since Althea Gibson, the winner in 1957 and 1958.

Garrison's semi-final performance, when she eliminated the 1988 and 1989 winner, Steffi Graf, 6-3, 3-6, 6-4 in 125 minutes of attacking tennis, was a tactical triumph. The 21-year-old world champion's backhand was subjected to relentless volleys and proved vulnerable. Nor did Garrison ever waiver, even with the distraction caused by the little wastrel that swooped down to set off the line monitor's "bleep" on several occasions - intent, it seemed, to show the American that her curious bottom-wagging stance when crouching to receive service is not original.

The win also killed the myth that Garrison could never close out important matches because she always choked when

in the lead. "The truth is, I did give up a lot of matches in the past," she admitted, "but I was always trying 110 per cent. I think if you believe in yourself, that's all that matters." She had certainly believed in winning the 16-game final set of her thrilling quarter-final against the No 3 seed, Monica Seles. She believed again on Thursday against Graf, whom she had beaten only once in six previous meetings.

The plan she had worked out with her new adviser, fellow Texan Sherwood Stewart, was executed to perfection. From the opening game Garrison was harrasing her opponent from the net. She met the ball on the rise with open-faced rackets and came in fast behind sliced approaches that were either sharply angled or directed down the line to the German's vulnerable backhand.

Time and again Steffi found difficulty in controlling her passes against balls that skidded through low. Occasionally we were treated to a brilliant topspin winner, but too often the sliced backhand passes were too high over the net, inviting punishment. In Garrison she faced an opponent equally fast and athletic who got to the net before she did and picked the direction of her forehand passes with

meeting accuracy.

"She was going for the right shots and she knew where I was going to hit the ball, so tactically she played a great match," said the beaten champion afterwards.

Garrison broke impressively in the third game, despite three Graf aces, and broke again to lead 4-1. The loss of her own serve in the next game did not deflect her. She held for 5-3 and broke for the set, despite Graf's lead of 40-15, when Steffi delivered the first of two double faults to produce a set point.

Even when Graf won the second set she did not look confident. The serve had lost its customary penetration and there were too many mistimed forehands and ill-judged approaches to the net that smacked of desperation. By contrast, Garrison looked more and more confident. One break of serve in the final set was all she needed. When, on her first match point at 6-4, she served an ace, no-one was any longer surprised, not even Steffi. "She didn't make mistakes today. She used to make much more errors, unforced errors especially, but not today. She really played a solid match," said Graf.

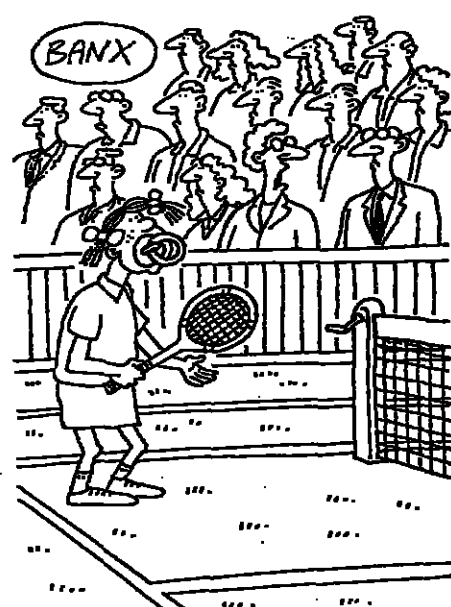
After 13 consecutive appearances in the

finals of the four grand slam championships, an all-time record, the game's leading lady has thus been relegated to a supporting role. Clearly her much publicised sinus problem and the personal anguish created by her father's alleged affair with a model have affected her. It is to be hoped that both problems are solved before the US Open in eight weeks' time.

Navratilova must now believe that she can achieve her long-cherished ambition. Certainly her preparation has been thoroughly professional. Like Ivan Lendl, she missed the French Open to concentrate on grass play. She has also been working with Billie Jean King again, soaking up the wisdom of Wimbledon's most prolific winner like a sponge.

Martina's swinging left-handed serve, slightly remodelled by coach Craig Harwood, is looking well grooved. Her speed off the mark - crucial for success on grass - is improved and fortunately there seems to be little problem with the inflamed synovial membranes beneath the left knee-cap that flared briefly during her winning run at Eastbourne two weeks ago.

In six rounds Martina has lost no sets and only 24 games. Against fourth-seeded



Gabriela Sabatini, 20, in Thursday's semi-final, which Navratilova won 6-3, 6-4 in 75 minutes, there were only momentary worries. This 104th Wimbledon has not been a

vinegar one, due largely to modern racket technology which allows the men to hit the ball with such power that there are few rallies. It is a matter of record that in his first five matches, Yugoslavian's unseeded Goran Ivanisevic served 70 aces. That does nothing to promote the game as a spectacle. With some of the women, however, the extra power is an advantage, so that women's matches on a fast surface like grass are often more interesting to watch than the men's nowadays.

There have been moments I shall remember with pleasure. The victory of Derrick Rostagno, who eliminated the No 4 seed and three times champion John McEnroe in round one, was rather special. So was the skill of the South African qualifier Wayne Ferreira, who eliminated the 16th seed, Frenchman Yannick Noah, at the same stage.

Then there was the unseeded American, David Wheaton, who learned to meet with triumph and disaster in successive matches.

The remarkable maturity of the 14-year-old American Jennifer Capriati, who came back from the dead to beat Robin White and then gave Miss Graf plenty to think about in another good encounter.

With these two young women setting new standards of precocity, along with Anke Huber of West Germany and Magdalena Maleeva, the youngest and brightest of the three Bulgarian sisters, I can - like Maurice Chevalier - thank heaven for little girls, confident that the future of the sport is assured.

World Cup: In Rome, Peter Berlin discusses tomorrow's final, and looks ahead to the 1994 competition in the United States

Klinsmann and Co set to smother rivals

IN THE END, only two roads led to Rome. While the German route has been smooth and straight, Argentina have battled inelegantly along the lower road. For both, however, the last obstacle to an appearance in tomorrow's World Cup final was the Barcelona lottery of a penalty shoot-out.

Tomorrow's game is a re-match of the 1986 final. In Mexico, Argentina beat West Germany 3-2 after leading 2-0, with goals by Jorge Valdano and Luis Brown, with 17 minutes to play. Karl-Heinz Rummenigge and Rudi Voller, a substitute then, struck to level the score with nine minutes left before Diego Maradona sent Jorge Burruchaga racing clear for a winning goal which gave a memorable World Cup a fitting climax. However, it would be foolish to examine that final for portents to tomorrow's.

If Voller is fit, the Germans will be able to field four of their 1986 finalists; the others are Lothar Matthaus, Andreas Brehme and Thomas Berthold. Six of Argentina's 1986 champions played in Wednesday's semi-final against Italy. Ricardo Giusti left early, sent off, and will be banned from the final, along with Julio Olarticochea and Sergio Batista, both of whom received a second yellow card. That leaves Oscar Ruggeri and the rest of the Argentinians: Maradona and Burruchaga.

In 1986, propelled by Maradona's brilliance, Argentina won six of their seven games inside the distance - the exception was a 1-1 first round draw with Paraguay - and scored 14 goals. In six matches so far in Italy they have lost two games only and scored seven goals. Five goals. Maradona is a shadow of the genius of '86, the supporting cast is weaker and the team has altered its strategy accord-

ingly. Their cynicism and brutality can be measured by the 20 yellow cards and one red card they have received.

The absence of Claudio Caniggia is a different matter. Caniggia, who is 23, has given Argentina a cutting edge. He is fast, skilful and brave. In short, he has all the attributes of a great footballer except one - a brain. Caniggia has spent two miserable seasons in the Italian First Division but, for Argentina, he has Maradona to do the thinking for him. In return Caniggia does the running Maradona's legs can no longer manage.

Caniggia started the semi-final with one yellow card. He must have known a second would cost him a place in the final, just as he must have known that referees throughout the competition had been booking players for deliberate hand-ball. Still, he handled the ball in the first half and was fortunate to escape with a wiggling from referee Michael Vautrot. Underneath, Caniggia repeated the offence and looked astonished when Vautrot wagged a yellow card under his chin.

The quality of Argentina's attacking reserves is a mystery but, without Caniggia, it is likely that the German defence can safely lavish its undivided attention on Maradona. He played his best match against Italy early in the tournament, notably against Cameroon. Maradona had repeatedly fallen over at the slightest contact, clutching his leg in apparent agony, trying to win free-kicks and get opponents in trouble.

Opponents have always kicked Maradona rather than allow him the chance to humiliate them and perhaps create a goal, and they have not relented in this World Cup. Maradona used to be able to punish such sins with lightning-fast free-kicks. But even as he has

concentrated increasingly on winning such free-kicks, so his ability to exploit them has diminished.

Against Italy, he opted to float kicks into the penalty area, looking for the head of a team-mate. As one 25-yard free-kick drifted harmlessly behind the Italian goal, Carlos Bilardo, the Argentinian coach, shouted at Maradona from the bench. He shrugged helplessly, shook his head and mouthed the word "No." After a decade of fouls, the tattered ankle can no longer take the shock of delivering such a blast.

Against Italy, though, Maradona did at last try to turn on the ball, jink past opponents, use his strength to burst through illegal tackles. Every time he did so a frisson of terror ran through the Italian defence, the best in the World Cup. Perhaps the clumsier German defenders will be haunted by the same superstitious fear.

Against England, eventually Matthaus and his benchmen completely submerged the flimsy mid-field, penning the English back in defence for long periods while shuttling the ball futilely back and forth around the edge of the England penalty area looking for cracks.

Like England, the Argentinian back-line is very good at the difficult art of defending. Juan Simon, the sweeper, has been sorely underrated. The defenders around him are smart, disciplined and ruthless.

If Voller does not play, Jurgen Klinsmann will be Germany's chief attacking threat. Klinsmann reveals in his role as dashing pin-up to his country's fans. He has the power and pace to pierce any defence but, unlike Voller, is a specialist with scoring chances. England's Des Walker simply turned Klinsmann's strength against him, shepherding his hurtling charges gently towards the corner flag.



Help! Argentina's captain Diego Maradona

With Matthaus, Brehme and Klaus Augenthaler, Germany have the multiple long-range strike capacity that Argentina lack. But Argentina's swarming mid-field denied Brazil long-range chances, and Sergio Goycochea has proved outstanding at stopping frontal shots. Where the Argentinian goalkeeper has looked alarmingly weak is against crosses. The Germans, who have a considerable height and

weight advantage, are most likely to score from corners and wide free-kicks when their behemoths can come lumbering up from the back.

What the Germans lack is a mid-field player to unlock a packed defence with an unexpected twist of genius. They need a Maradona to make them a great team. The likely pattern tomorrow is a long, methodical, probably fruitless siege

ITALY's efforts as World Cup hosts will be difficult to equal. The competition has run smoothly, confounding many critics who doubted Italian management ability. The signs are that the organisers of the 1994 competition in the US will have to dig deep into reserves of can-do spirit to match Italy's success.

Against expectations, the Italians completed their ambitious stadium building and renovation programme in time - although in some cases, notably Naples, it was a close thing. The results were often superb. The vertiginous triple decker Giuseppe Meazza (formerly San Siro) in Milan and the smaller, more intimate Stadio Ferraris in Genoa, are venues to watch world soccer games there extremely difficult.

In Italy temperatures have reached the high 80s for a few matches. In possible US sites like Los Angeles, Las Vegas and Phoenix, temperatures can hit 110 degrees in the last week of June and matches there would have to kick off in early afternoon to offer spectators a chance to escape the heat.

Television is soccer's paymaster. In the US over the past month World Cup games have had difficulty drawing even 1m viewers. The major networks would not want to broadcast an event with such poor ratings, but the organising committee needs television and its resources, especially if it wants to use as many as 13 sites, to guarantee quality coverage around the world.

The committee is approaching all these problems with touching, bright-eyed optimism. In one of its first press releases it breathlessly proclaimed its "guiding philosophy," which embraces everything from computer proficiency and ticket marketing to "world consciousness" and "organisation and order."

How very different from Italy's uncomplicated and sincere hospitality.

TELEVISION & RADIO

SATURDAY

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Property

Montserrat and the calm after the storm

Hurricane Hugo is the price islanders have had to pay for living in paradise. David Hoppit reports

JOSEPH FARRELL poked his nose outside Bethel Parish Church on the morning of September 18 last year and surveyed a scene of utter desolation — similar, he imagines, to the aftermath of the Hiroshima atom bomb. Like many residents of Montserrat he had lost everything. The little chapel-house he inherited from his grandfather had disappeared, as indeed had most of those of his neighbours. Hardly a blade of grass or leaf remained.

The Caribbean's "Emerald Isle" had been scorched by Hugo, the most ferocious hurricane to hit any island this century, more cruel even than that of 1927. Montserrat and her big brother Antigua, which was only slightly ruffled, know that every 20 or 30 years they will have to face the full fury of nature; but Hugo was different... a cataclysm.

Apart from a few loosened tiles and a muddle in the garden, the more solid homes owned by Britons and Americans were unscathed. If battering down the hatches once every 20 years is the price for living in paradise, they are not complaining.

Within a few weeks of Hugo the resilient island was turning green again and its even more resilient people were getting back to work. Although separated by 27 miles of blue coral sea, Montserrat and Antigua are very different in nature and appearance. Each is dependent upon tourism for survival. About 80 per cent of Antigua's gross national product comes from tourism. Both islands see a modest expansion of development as an extension of that tourist potential. Antigua, with its 365 silver beaches, is host to buildings ranging in quality and design from the absurdly bad to the exceedingly good.

There is no secret formula for successful building in the tropics. Every breath of the welcome trade winds must be channelled through the house, otherwise a stifling discomfort will follow.



However, many are the European and American inspired developments in Antigua which have ignored the tried and tested style. Some mimic the very worst of modern Iberian architecture, totally inappropriate for a Caribbean island, in style and function.

Even the beautiful and much-heralded St James's Club can be a little less. When it comes to wind of a more gentle nature, Caribbean islands cannot do without it. Those who have ignored tradition have tried to compensate with noisy air-conditioning machines, but they are not a patch on the real thing. There is something for all pockets on Antigua. Building plots can cost nearly £1m, but

at the other end of the scale I saw a charming little chateau with a quarter of an acre for less than £7,000.

Wherever you choose, you will not be far from a game of cricket. Find a patch of flat earth and you will see people hurling tennis balls at the speed of light towards Viv Richards-lookalikes armed with plywood bats.

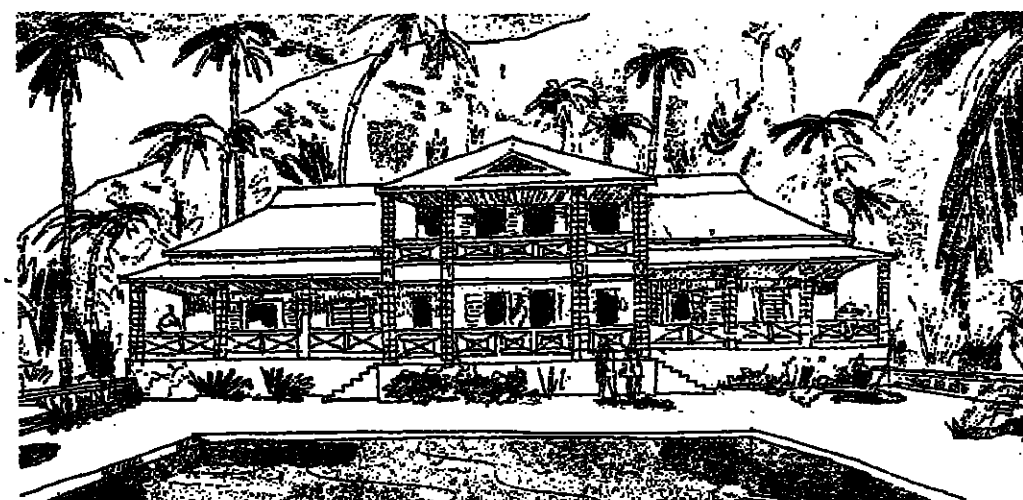
Cricket is the religion of Antigua, but God does get a look in on Sundays, when countless churches of numerous denominations are packed. There is poverty and crime, but everywhere there is music and laughter. The Antiguan is a proud man, friendly but not excessively so. On Montserrat everyone waves to passers-by. On Antigua they are more reserved.

It used to be said that the best way to make a small fortune in the Caribbean was to start with a large one. Several well-intentioned developers have found the going too tough there. One that means to change all that is Andrew Halstead, whose family is preparing the ground work and beach for what is perhaps destined to become Antigua's pride and joy, The Coral Reef Club.

The site is perfect; a dramatic bluff with its own quiet beach beside Nonsuch Bay, to my eyes the best corner by far of this diverse island. The contours of the site form a perfect amphitheatre and the development of 89 large Caribbean houses will grow up the side, with the clubhouse just above the beach. Halstead's plan is to sell the

plots and allow people to build their own homes, but in a style acceptable to the concept. "We are determined to keep the houses in the Caribbean style, on the lines of the governor's house in Montserrat, with wide balconies and open style building, all with decorative ornamentation that so typifies local houses."

Plots range in price between about £70,000 and £200,000. Building costs on the island are between £40 and £50 a square foot, so the total cost of building should not exceed £150,000. Built in to the price will be a five per cent alien landholder's licence and 2½ per cent stamp duty. Annual outgoings are very low and potential for renting is good. The other good news is that there is no income tax or capital



An artist's impression of Tamarind Tree House (above) at Isles Bay Plantation on Montserrat which gives dramatic views of the Caribbean. It is less than five minutes walk from Isles Bay Beach (left)

tal gains tax.

Antigua grows on you. Its charms are more subtle than sophisticated Barbados, and its people not so extrovert as those in Jamaica.

It is very different now from the island visited by Patrick Leigh Fermor for his book *The Traveller's Tree*, essential reading for visitors to all islands.

He stayed in Nelson's decaying rooms, approached by streets in St John's that were deserted. Now the little capital is a bustling, busy place and the rooms, dockyard and other ancient buildings are as sound as they were when the captain of HMS Boreas worked and slept there. It is the tourists who crumble, after cocktails such as Nelson's Eye and Reverend's Downfall.

Across in Montserrat everyone waves to everyone. The telephone directory could be that of County Cork — Gallo-way, Reilly, O'Donoghue. They are friendly, but nervous of the camera — "You are stealing my should maan". There are a few excellent restaurants, but for lunch visit Fred Murphy at Carr's Bay where, in an ancient stone oven by the beach, he cooks red snapper stuffed with garlic, spinach

and pumpkin par excellence. But beware his bird peppers and plum and guava wine.

Here pop stars from the recording studio mingle with local and tourists in the noisy market. Only the tourists recognise them. John Lennon woke up, looked out of the window on Providence Estate and declared: "I've died and gone to heaven."

It is easy to become a willing prisoner on this little pear-shaped island, with its sudden waterfalls and treacherous mountains. Ten years ago Martin Haxby stopped there to repair his yacht on his way round the world, suffered acute appendicitis, and has now booked his plot in St Anthony's Churchyard.

Montserrat is itself quite a tax haven. Property prices have doubled in the last three years. Allow about seven per cent of the purchase price for transfer tax and legal costs.

In the unlikely event of your wanting to escape there is no capital gains tax when you sell. Currently there is not much in the way of cheap property available. The Isles Bay Plantation, a super development overlooking

the challenging golf course, where hazards include ball-stealing iguanas and laden crabs, was untroubled by Hugo. However, work stopped as the workmen tried to rebuild their lives. Prices of homes there are between \$225,000 and \$355,000.

But there are plans for a massive marina development at beautiful Little Bay, with a five-star hotel, berths for 300 boats, 750 villas and apartments, shops and restaurants. I prefer the bay as it is now, but if it goes ahead the development will double the island's income. Ah well.

It is, for the good people of Montserrat, a step into the unknown. They are innocent of the ways of the world.

They say: "Don't ask me weh uh gine, ask me weh uh went" (Don't ask me where I'm going, ask me where I've been). But they have the canny of their Irish ancestors to protect them... "Fool me once, shame on you; fool me twice, shame on me."

Details of Coral Reef, on Antigua, from John D. Wood (071-629 4106); and of Isles Bay, Montserrat, from Rebecca Reed at the London office (071-482-1418).

INTERNATIONAL PROPERTY

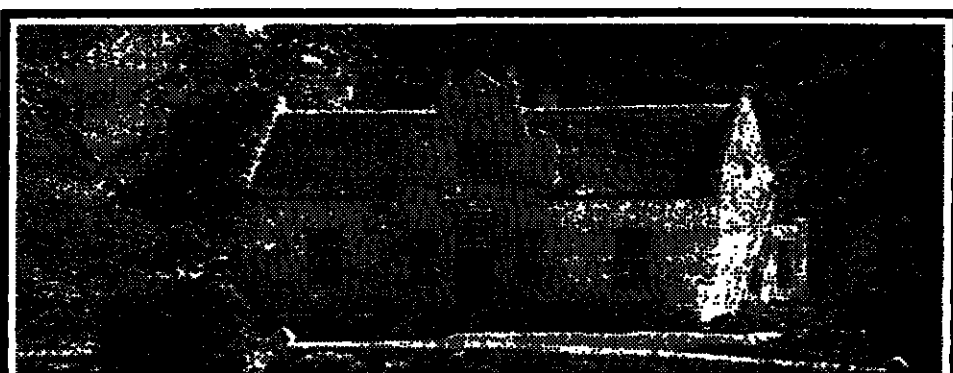
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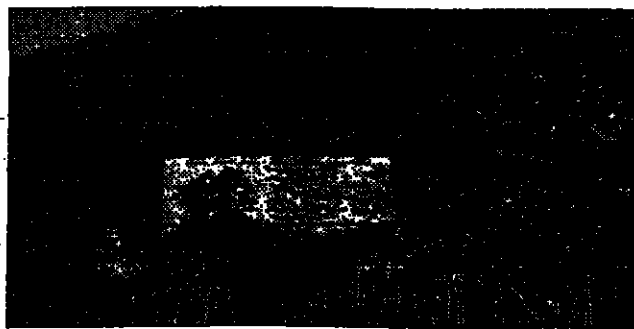
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Spacious 2 bed Victorian flat, 3 Original fireplaces, garden, newly re-modelled. £82,950.
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Fax 763494, Tel: 761674/761237

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15 Mins from Sea & New Airport. Provincial House, 4 Bed, 4 Bath & Separate Studio. Large Pool & Garage. Price FF 5,500,000.
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INTERNATIONAL

071-629 8171



Hampshire
Romsey 5 miles.
Winchester 16 miles.
London 76 miles.

**An outstanding
residential and sporting
estate, with beautiful
formal gardens**

Grade II Listed house with reception hall, 5 reception rooms, billiard room, 7 principal bedrooms, 4 bathrooms. Wine cellar, self-contained flat. Lodge. Farmhouse, 3 cottages. Summer and winter stable blocks with 30 loose boxes, including 2 stud houses and 2 stables. Extensive landscaped and walled gardens, swimming pool, tennis court, farm buildings. Good shoot with 140 acres of woodland. Rural light industrial workshops with substantial rent roll.

About 373 acres
As a whole or in lots
Apply: London 071-629 8171 (PAC/103208)

Northamptonshire
Banbury 4 miles. Brackley 5 miles.
M40 extension 3 miles.
London 82 miles.

**A fine historic estate in a
beautiful parkland setting**

Important part 18th Century Grade II* manor house with 3 principal reception rooms, 7 main bedrooms, 6 further bedrooms and 6 bathrooms. Swimming pool. Beautiful gardens and grounds. Tennis court. Traditional outbuildings and barns.

Secondary house. Stud farm with 16 boxes and staff cottage. Horse barn within a perfect ring fence. 17th Century farmhouse, 4 further cottages. 35,000 square feet of excellent modern farm buildings.

About 519 acres
For sale as a whole
Apply: London 071-629 8171 (BAME/103105)



East Sussex

Old Heathfield
Heathfield 3 miles. Tunbridge Wells 15 miles.

**A small residential farm with a
charming 16th century house and fine
views over rolling countryside**

4 reception rooms, 5 bedrooms, 3 bathrooms. Outstanding kitchen. Cellarage. Range of period outbuildings. Formal gardens. Paddock.

About 69 acres
Offers in the region of £550,000
Apply: Tunbridge Wells (0892) 515035 (CDS/103528)



Oxfordshire

Oxford 7 miles.
New M40 junction 3 miles.
London 58 miles.

**A magnificent Grade II*
listed Palladian house
in a secluded setting**

6 reception rooms, 11 principal and 6 secondary bedrooms, 3 bathrooms, 2 bedroom staff flat. Suitable for a variety of alternative uses. Subject to planning consent. Parkland, paddocks, lakes and woodland.

Lordship of the Manor of Blethingdon.

About 31 acres
Joint Agents: Cluttons, London 071-408 1010
or Oxford (0865) 246511.
Knight Frank & Rutley, London 071-629 8171
or Oxford (0865) 790077. (JMS/PLAS/104184)



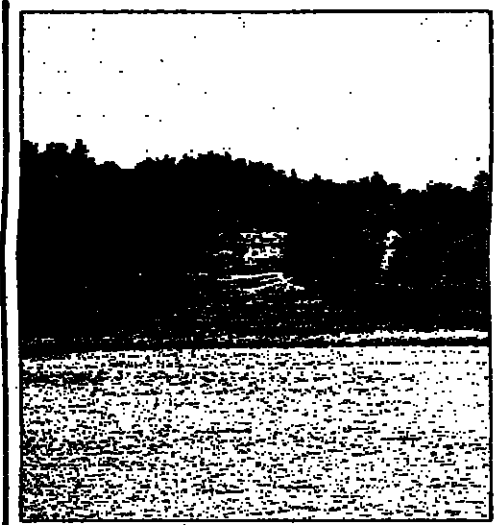
Somerset

Charlton Musgrove, Wincanton 2 miles. A303 2 miles.
Castle Cary station 10 minutes.

**An imposing Grade II listed house
set in beautiful grounds**

3 reception rooms, master bedroom suite, 6 further bedrooms, 5 further bedrooms, self-contained 2 bedroom annexe, gymnasium, cellar. Two attractive cottages, offices. Barns, stabling, all-weather manege. Tennis court. Gardens. Paddock.

About 46 acres
Apply: Sherborne (0895) 812235
or London 071-629 8171 (PBM/103520)



Kirkcudbrightshire
Castle Douglas 6 miles.
Dumfries 22 miles.

**An outstanding
residential sporting
and forestry estate
with a superbly
appointed house
overlooking a loch**

4 reception rooms, billiards room, playroom, 2 bedroom suites, 5 further bedrooms, 3 further bedrooms and shower room. Gardens with fine lawns and mature policies. Beautiful walled garden. 2 cottages. Excellent pheasant shoot and duck flighting. 20 acres loch suitable for trout fishing, water skiing and wind surfing. 2 further lochs. About 235 acres of mixed forestry.

About 754 acres
Apply: Edinburgh 031-225 7105 (CSG/03822)

Inverness-shire
Beaulieu 14 miles.
Inverness 23 miles.

**One of Scotland's
great sporting estates
set amidst the
grandeur and
seclusion of the
Highlands**

Renowned deer forest producing average of 84 stags. Grouse and Pheasant shooting. Salmon and trout fishing on 5 miles of the River Finner and lochs. Impressive 12 bedroom lodge overlooking estate. 3 superbly located cottages, 2 of which have just been renovated. Great variety of wildlife, fauna and flora.

About 30,000 acres
Apply: Edinburgh 031-225 7105 (CSG/03845)



West Norfolk
King's Lynn 7 miles. Norwich 37 miles.
Cambridge 52 miles.

**A fine sporting estate
with leisure and
development
potential**

Excellent commercial farm with 5-6 bedroom 17th century farmhouse. 5 cottages, 2,500 tonnes modern grain storage. Two small 1st farms with period farm houses and further cottages. Barns with planning consent for 5 dwellings. Land pending planning decision for 18 hole golf course. Gravel bearing land. Good shoot over 1,840 acres in all. 107 acres of woodland. 1 1/2 miles trout fishing on River Sabling.

About 1,160 acres
As a whole or in 12 lots
Apply: London 071-629 8171 (JMS/21895)



Surrey

Ascot 4 miles. M25 5 miles. M4 9 miles.
Heathrow 14 miles. London 28 miles.

**An attractive Wentworth house
with beautiful grounds adjoining the
18th fairway of the east course**

3 reception rooms, study, playroom, games room. Master bedroom suite, guest bedroom suite, 4 further bedrooms, further bathroom. 2 bedroom staff flat. Heated swimming pool with pool house. Double garage. Beautiful mature gardens with stream and wooded grounds.

About 3 acres
Apply: Ascot (0590) 24732 or London 071-629 8171 (JMS/21895)



Surrey

Wentworth. Ascot 2 miles. Windsor 6 miles. London 28 miles.

**An imposing house surrounded by
attractive grounds in the heart of the
Wentworth estate**

4 reception rooms, master bedroom suite and dressing room. 5 further bedrooms and 5 further bathrooms. 2 bedroom staff cottage. Chateaux flat. Garaging for 6 cars. Heated swimming pool. Hard tennis court. Landscaped gardens and woodland.

About 11 acres
Apply: Ascot (0590) 24732 or London 071-629 8171 (JMS/21895)



Surrey/Hampshire Border
Petersfield 2 miles. Central London 48 miles.

**A beautifully refurbished country
house with views to the Downs**

Hall, 4 reception rooms. Master bedroom suite with dressing room, guest bedroom suite, 5 further bedrooms, 2 further bathrooms. Large cottage. Tennis court. Stable block. Barn. Garage. Garden. Woodlands and paddocks.

About 14 acres
Apply: Guildford (0433) 65171 or London 071-629 8171 (TCD/21895)



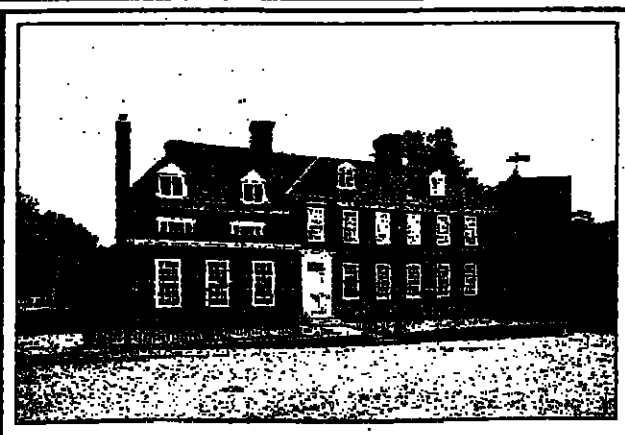
Berkshire

Ascot. Windsor 4 miles. Heathrow 10 miles.
Central London 25 miles.

**A well proportioned house
close to Ascot Racecourse**

Reception hall, 4 reception rooms, conservatory. Master bedroom suite, 4 further bedrooms with en-suite bathrooms. Ground floor guest/staff wing. Garaging for 4 cars. Mature gardens.

About 1 acre
Apply: Ascot (0590) 24732 or London 071-629 8171 (JMS/21895)



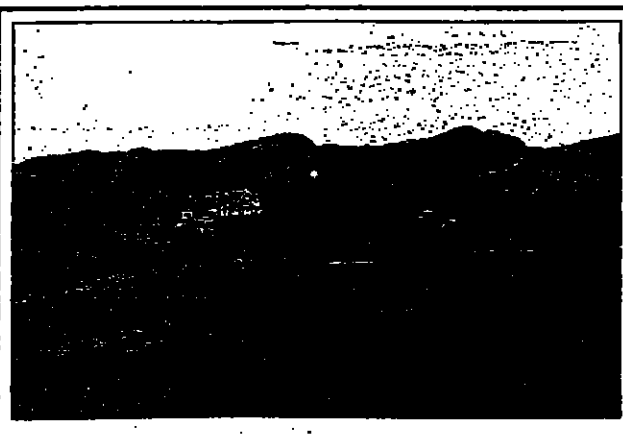
Kent

Yalding station 1/4 mile. Maidstone 6 miles. Charing Cross 50 minutes.

**A fine Grade II* listed Queen Anne
house in a village setting**

3 reception rooms, 5 bedrooms, 2 bathrooms, shower room. Staff flat with bedroom, shower room, sitting room. Double garage block with workshop. Delightful walled gardens.

About 3/4 acre
Apply: Tunbridge Wells (0892) 515035 (CDS/104128)



Isle of Mull

Bunessan 3 miles. Craignure Ferry 35 miles.

**A former shooting lodge with sea loch
frontage protected by natural
woodlands**

Victorian family home with 3 reception rooms, business room and study, 7 bedrooms, 4 bathrooms. Useful coachhouse in need of renovation. Easily maintained gardens and extensive grounds. Shore frontage with stone jetty.

About 15 acres
At present run as a small and personal country house hotel.
Apply: Edinburgh 031-225 7105 (WJA/08864)



Oxfordshire

Shillingford. Oxford 9 miles. Didcot 6 miles. London 49 miles.

**A Grade II listed house, with studio,
boat house and grounds adjoining the
River Thames**

Hall, 3 reception rooms, study, 7 bedrooms, 3 bathrooms. Studio complex with music room, car port and workshop. Thatched garage and fruit store. River frontage with wet boat house. Hard tennis court. Gardens. Orchard.

About 2 3/4 acres
Apply: Oxford (0865) 790077 or London 071-629 8171 (CSG/21895)



Painshill Park, Cobham, Surrey

Waterloo 32 minutes. Heathrow 30 minutes.

**An exceptional Grade II* listed
Georgian townhouse within one of
Britain's finest 18th Century
landscaped parks**

Magnificent 80ft drawing room, vaulted 2nd floor reception room, library, dining room, 4 double bedrooms (3 suites), further bathroom. Garage, sun terrace, private gardens.

About 1/2 acre
Offers in the region of £575,000
Apply: Esher (0373) 64496 (TJG/104078)

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DEVON - Exmoor National Park. Lynton 3 miles, Porlock 8 miles. A handsome period farmhouse occupying an idyllic setting within the East Lye Valley, with superb views, 3 reception rooms, 6 bedrooms, 2 bathrooms, central heating. Extensive traditional outbuildings. Large modern covered yard. Mature gardens. 3/4 acre lake. Level pasture land. River frontage. About 34 acres. Region £385,000. Taunton Office: Tel. (0823) 277281. Ref: 1888300.



WEST SUSSEX - Crawley 2.5 miles, Gatwick 3.5 miles. A beautifully situated country house in a secluded but accessible rural position with a lakeside setting. Hall, 3 reception rooms, 6 bedrooms, 2 bathrooms, shower room, double garage, boat-house/party room and useful outbuildings. Gardens, 2 lakes, paddocks, woodland. About 12 acres. Region £450,000. J.A. Martin & Bassett: Tel. (0403) 218216. Strutt & Parker London Office: Tel. 071-629 7282. Ref: 1888300.



LEICESTERSHIRE - Leicester 8 miles, Market Harborough 15 miles (St. Pancras 70 minutes). An outstanding residential estate in the heart of the Queen's country. Grade II manor house: 5 reception rooms, 6 bedrooms, 4 bathrooms. Stable courtyard, 7 houses, cottage and flat. 6 further cottages, extensive farm buildings. About 828 acres. London Office: Tel. 071-629 7282. Grantham Office: Tel. (0476) 65886. Ref: 10013415.



NORTH COTSWOLDS - Broadway 3 miles, main line station 7 miles. A delightful 17th Century house in an idyllic rural setting with stunning views. 3 reception rooms, 5 bedrooms, 2 bathrooms. Oil central heating. Stone barn providing double garage/workshop/office. Easily maintained garden. About 1.5 acres. Region £385,000. Moreton-in-Marsh Office: Tel. (0505) 50502. Ref: 1888300.



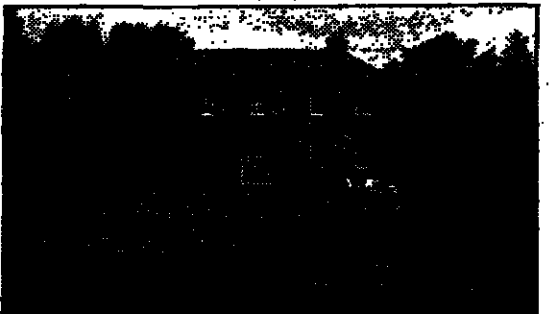
CARDIFF - Llanave. City centre 5 miles, (M4) 4 miles. A luxuriously appointed split level chalet style house with spectacular views across The Severn to the Somerset Hills. 3 reception rooms, study, sun room, 4 double bedrooms with en suite bathrooms, 12 car garage, 3 bedroom staff flat. Oil central heating. Swimming pool. Hard tennis court. Garden and paddocks. About 7 acres. Office invited. Moreton-in-Marsh Office: Tel. (0505) 50502. Ref: 1888300.



NORTH YORKSHIRE - Knaresborough 3 miles, Harrogate 6 miles, Leeds 18 miles. An immediately presented home in an exceptionally convenient position. Hall, 4 reception rooms, kitchen/breakfast room, utility room, 5 bedrooms, 3 bathrooms, double garage, stabling for four and outbuildings, gardens, paddocks and pond. About 5 acres. Office in excess of £430,000. Harrogate Office: Tel. (0423) 561274. Ref: 10013415.



KENT - Deal. Coast 0.5 mile, Canterbury 15 miles. A beautiful period house with historical associations set in a quiet residential area of this coastal town. 3 reception rooms, kitchen/breakfast room, cellar, 6 bedrooms, 2 bathrooms, dressing room. Gas central heating. Double garage. Secluded garden. About 0.4 acre. Region £240,000. Canterbury Office: Tel. (0227) 451123. Ref: 1888300.



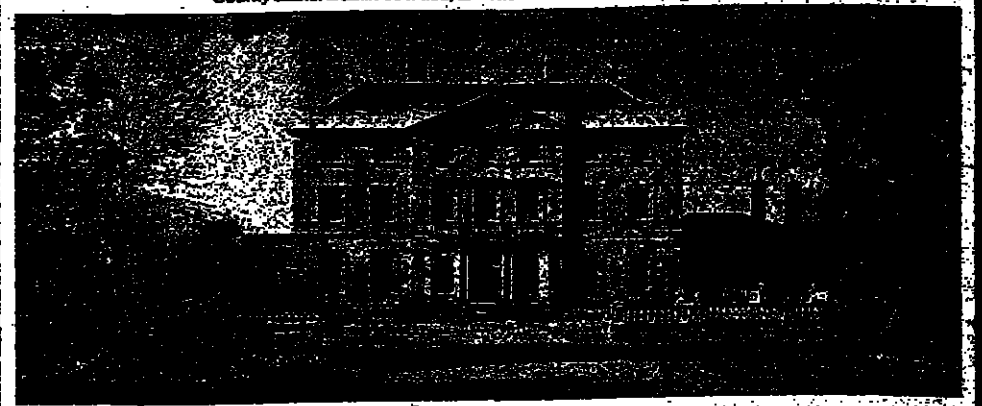
SOMERSET - Breidden Hills. Wiveliscombe 3 miles. A superbly situated residential, mixed stock and stable, sporting farm. Mainly Georgian period farmhouse; 3 reception rooms, 6 bedrooms, bathroom, 2 cottages. Extensive traditional and modern buildings. Easily accessible blocks of arable and pastureland. Excellent shooting potential. About 250 acres. Region £750,000. Taunton Office: Tel. (0823) 277281. Salisbury Office: Tel. (0722) 28741. Ref: 1888300.



SUSSEX - Stonegate. Main line station 3.5 miles (Charing Cross/Cannon Street 64 mins.). An excellent country house dating from the 15th Century in a secluded position adjoining farmland. Hall, 4 reception rooms, 5 principal bedrooms, 2 bathrooms, shower room, 2 secondary bedrooms, bathroom. Garages, stables. Timbered garden setting and paddock. About 4 acres. Region £325,000. Lewes Office: Tel. (0273) 475411. Ref: 1888300.

Humberts

Ireland - 1671 acres
County Lacks, Dublin 65 miles, Limerick 62 miles, Port Lacks 9 miles.



One of Ireland's finest private estates.

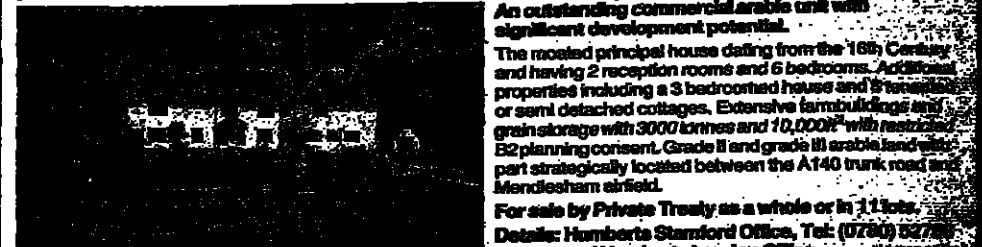
The Georgian principal house designed by James Wyatt and home to the de Vasez family since before 1773, comprises 6 reception rooms, 8 principal bedrooms, extensive ancillary accommodation, gardens, grounds and parkland. The Abbey Leix Stud with 24 loose boxes, raised paddocks and further land. 14 additional cottages and houses, one flat and a range of farm buildings. Over 1050 acres of commercial and naturally regenerated woodland provide an outstanding amenity setting. Extensive sporting includes fishing on the River Nore, excellent pheasant shooting and potential for creating a golf and leisure based development of international standard.

In all about 1671 acres.
For sale by private treaty as a whole or in 7 lots.

Details from Humberts Agricultural Division

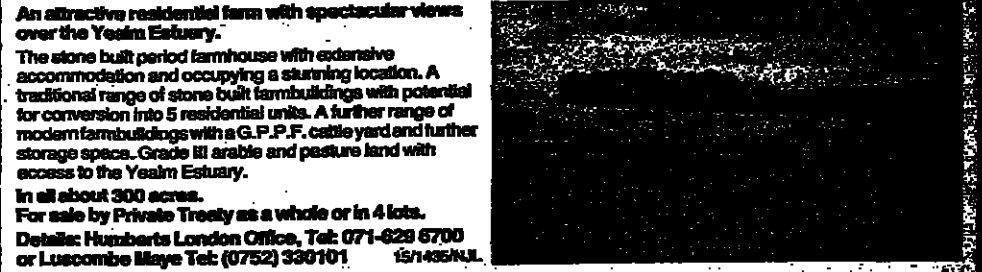
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Suffolk Wickfield Stowmarket 5 miles, Ipswich 15 miles, Bury St Edmunds 15 miles. 1056 acres



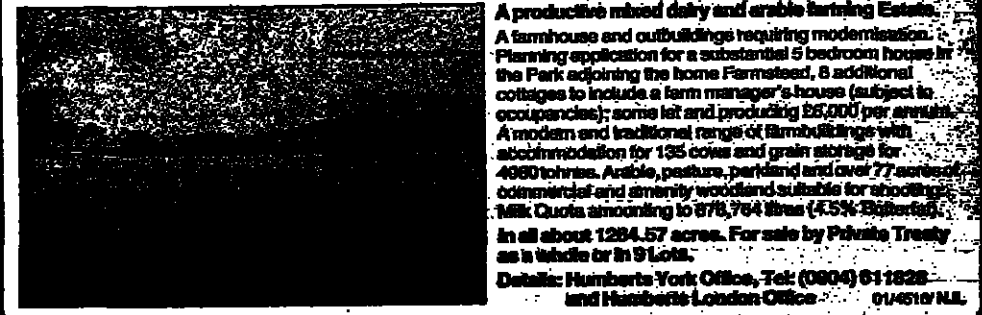
An outstanding commercial arable unit with significant development potential. The moated principal house dating from the 16th Century and having 2 reception rooms and 6 bedrooms. Additional properties including a 3 bedroomed house and 10 detached cottages. Extensive farm buildings and grain storage with 3000 tonnes and 10,000ft² with 82 planning consent. Grade II and grade III arable land with part strategically located between the A140 trunk road and Mendham airfield. For sale by Private Treaty as a whole or in 11 lots. Details: Humberts London Office, Tel. (0752) 530101. Ref: 1888300.

Devon Brixton 3/4 mile, Plymouth 6 miles, Salcombe 12 miles. 300 acres



An attractive residential farm with spectacular views over the Yealm Estuary. The stone built period farmhouse with extensive accommodation and occupying a charming location. A traditional range of stone built farm buildings with potential for conversion into 5 residential units. A further range of modern farm buildings with a G.P.P.F. cattle yard and further storage space. Grade III arable and pasture land with access to the Yealm Estuary. In all about 300 acres. For sale by Private Treaty as a whole or in 4 lots. Details: Humberts London Office, Tel. (0752) 530101. Ref: 1888300.

North Yorkshire York 8 miles, Selby 7 miles, Leeds 27 miles, M62 12 miles, A1 17 miles. 1264 acres



A productive mixed dairy and arable farming estate. A farmhouse and outbuildings requiring modernisation. Planning application for a substantial 5 bedroom house in the Park adjoining the home Farmstead, 8 additional cottages to include a farm manager's house (subject to compulsory purchase) and providing £2500 per acre. A modern and traditional range of farm buildings with accommodation for 150 cows and grain storage for 4000 tonnes. Arable, pasture, parkland and over 77 acres of commercial and amenity woodland suitable for shooting. Milk Quota amounting to 675,764 litres (£24.50 per litre) in all about 1264.67 acres. For sale by Private Treaty as a whole or in 91 lots. Details: Humberts York Office, Tel. (0904) 611222. Ref: 1888300.

Humberts Chartered Surveyors
Residential Commercial Agriculture & Leisure
London Office: 15 Grosvenor Street, London W1X 8PP
Tel: 0752 530101 Fax: 0752 530102
Fax: 0752 530103 Tel: 0752 530104

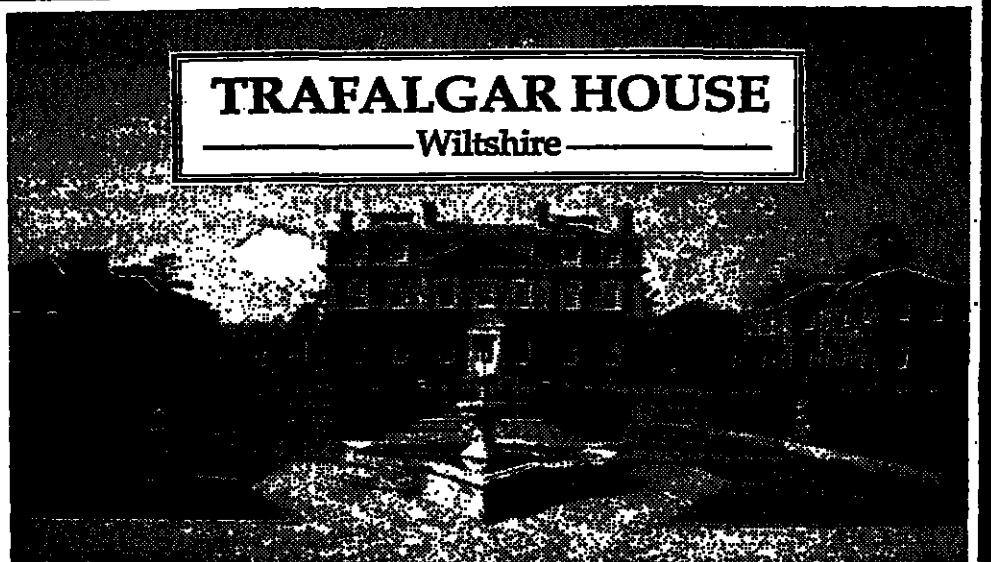
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TRAFALGAR HOUSE

Wiltshire



The magnificent Grade I Listed Georgian House originally bequeathed by the nation to the family of Admiral Lord Nelson. The house stands in an unrivalled position with glorious views over the River Avon.

About 14 Acres.
(Additional land may be available).

Salisbury Office: 41 Milford Street, Wiltshire SP1 2BP.
Tel: (0722) 28741 Fax: (0722) 411259

London Office: Tel: 071-629 7282 Fax: 071-409 2359



On instructions from the Right Hon 11th Earl De La Warr.
EAST SUSSEX - The Wraytham Estate. Forest Row 4 miles. A most impressive country house on the edge of Ashdown Forest. 4 reception rooms, 2 suites of bedroom and bathroom, 7 further bedrooms, 2 bathrooms. Formal and parklike grounds. Swimming pool. Tennis court. About 4.25 acres. To be let between 3 & 5 years at a rental in excess of £25,000 p.a. Lewes Office: Tel. (0273) 475411. Ref: 1888300.

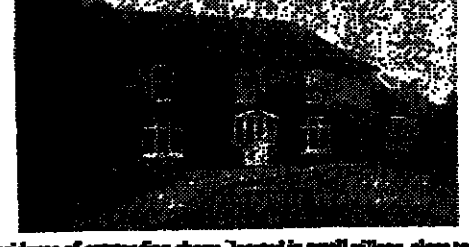


KENT - Nr. Maidstone. Maidstone 3 miles, (M20) 3 miles. An impressive stone built farmhouse in need of some modernisation with fabulous views across the Weald. 3 reception rooms, kitchen/breakfast room, 5 bedrooms, bathroom, 3 secondary bedrooms. Landscape gardens including walled kitchen garden. About 2 acres: (A further 2 acre field could be available by separate negotiation). Region of £340,000. Canterbury Office: Tel. (0227) 481123. Ref: 1888300.

Nationwide Anglia King & Chasemore

ANGMERING VILLAGE, WEST SUSSEX

Working 6 miles, Chichester 10 miles
Price Guide £475,000



Period residence of outstanding charm, located in small village, close to countryside and the sea. 3 reception rooms, large kitchen, 4 bedrooms, 2 bathrooms, 2 en suite bedrooms, utility room, cellar, 7 garages. Good swimming pool and 5/6 outbuildings. Approximately 1 acre of enclosed garden.

ANGMERING ON SEA, WEST SUSSEX

Price Guide £245,000 (freehold)



Imagery designed to meet directly on the beachfront, excellent sea views, close to all local facilities. 2 reception rooms, kitchen/breakfast room, master bedroom with dressing room & en-suite, Village Beach bathroom, 3 further bedrooms, second bathroom, cloakroom, sealed patio, gas central heating, double garage, private electric boat lift.

King & Chasemore, East Preston office, tel: 0945 783263

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PROPERTY

Surprises in store in south-west France

A house in the country across the Channel is not without its problems, writes Michael Delahaye

EVEN TWO years on, it's the little things that give the greatest pleasure. Like the tiny entry sign above the main gate to our walled village which says *surprise* - residents only. Childish it may be, but every time I exercise my *droit d'usage* I still get a buzz of belonging - of privilege.

Our intermittent occupation of a small corner of south-west France, although happily free of shocks, has not been without its surprises.

The first came at Christmas 1988 when we discovered that even as far south as Bordeaux, well below the so-called dew line, it can be freezing cold - *sachement* freezing, in fact.

Unloading the car, we com-

forted ourselves with the recollection that every room had an electric convactor heater. On they all went and 10 seconds later, they went off.

Only after this performance had been repeated half a dozen times with metronomic regularity did a helpful neighbour explain the principle of *la puissance*. Since the supply of electricity to some country areas is limited, many houses in France have maximum loadings. Ours, it turned out, was 5kW. A higher rating could be effected with a twist of the official screwdriver but we would pay more on the standing charge. It would cost another 250 pounds a year to go up a single notch to 12kW. We did our sums and changed the

heating to a couple of propane-powered Daleks, which have proved cheap and efficient.

Metered water gives you the same sobering insight into use and cost. Standing in the garden with a hose, you are

uncomfortably aware of spraying fire-farm pieces over the hard patch. Combine that with thoughts of the rising level in the nearby sewage tank, which the municipal gulper has to be paid to empty because it is non-septic, and you wonder whether there might be the makings here of some self-funding solution.

It's surprising just how small-minded you can become. Exhorting guests not to leave taps dripping may be acceptable, but quizzing their children as to about whether they really need to go to the lavatory again can strain even the closest friendship.

Against all this must be set the low community taxes, the *foncié* and the *habitation*, which together amount to 2500 a year for our three-bedroom house. The French Govern-

ment, locals tell us, once considered a British-style poll tax but, having seen the results on television, shelved the idea - there's something to be said for having your revolution early!

Our house was rebuilt 30 years ago and so has required only minor attention from the local craftsmen. Whereas our experience in this respect has been generally good, occasionally excellent, plumbers are the exception, for a good French plumber is as rare as a good English waiter.

Ours confessed himself to be more of a philosopher - which may explain why his ability to fit one piece of plastic piping into another fell somewhat short of his aperçus regarding the human condition.

As a result a job, which in the UK I would have tackled myself over a weekend, took four days and threatened to bankrupt us. In the end, quoting Flaubert's dictum that "a work of art is never finished, only abandoned," I told him that his time was too valuable to be lavished on us and completed the job myself. For any-

body thinking of buying in France, a night-school course in plumbing is strongly recommended.

The fact of not being around for most of the year can be a worry. Not on account of security - a leaf doesn't fall in our village without somebody noting it. But television reports of gales lashing southern France bring to mind images of roof tiles flying in formation across the valley. You learn by experience - for example, when closing the shutters to always leave one window open to ventilate the house.

BRITISH house builder Barratt is mounting an onslaught on the French market aimed at local buyers and foreign holiday home seekers.

Since establishing a French subsidiary last year, based at Aix-en-Provence, Barratt has been taking options on a number of sites in the south.

Its first project is Les Corniches d'Antibes les Pins, a pedestrianised development of about 200 apartments near

Juan-les Pins on the Côte d'Azur. Sales have started, although it will not be completed until the end of next year. Buyers at Les Corniches are promised views over courtyards, fountains and tree-lined boulevards, at prices from 250,000 for a studio to 1,800,000 for a three-bedroom apartment.

The scheme is a joint venture with a Paris-based company, Les Nouveaux Constructeurs. It is a link

which Barratt chairman John Swanson says was established through Barratt's operation in California.

The development is part of a larger plan, initially for 1,000 apartments, being built by other contractors in what is a growing sea-front area, Antibes les Pins.

There will be a mixture of permanent and leisure homes in the development, 20 minutes drive from Nice international airport. A sandy

beach and promenade are being created. There will be swimming pools and a shady park for hot summer days and boutiques, bistros and markets open throughout the year.

Other projects which Barratt has lined-up in France include 50 villas at Cagnes sur Mer with views ranging from Cap Ferrat to Cap d'Antibes.

Another site, in the hills near Valbonne, 25 minutes from Nice, is earmarked for 50 bungalows.

reach a level of mere competence and then rest on your laurels. Only now, after two years of getting by on A-level Franglais, are we sitting down with the tapes and grammar books.

Already it's paying dividends. On our last visit I was approached by the local historian. There was a matter of some delicacy on which the village required my help. Despite exhaustive searches through French archives, he explained, no trace could be found of any records relating to the village prior to the

seventeenth century. There could be only one explanation: they had been removed from France, and only one culprit - the nation which for some 300 years from the time of Henry Plantagenet on, had ruled Aquitaine. Would I be kind enough, therefore, to ask Henry's successor in Windsor Castle to furnish the village with photocopies? I promised to do my best, with the assistance of the Public Record Office. Much may hang upon it. The Legion d'honneur, I am told, has been awarded for less...

Details from Barratt France, at Aix-en-Provence (tel 010-33-49-930278) or Barratt Developments, at Newcastle upon Tyne (tel 091-286-6811).

Audrey Powell

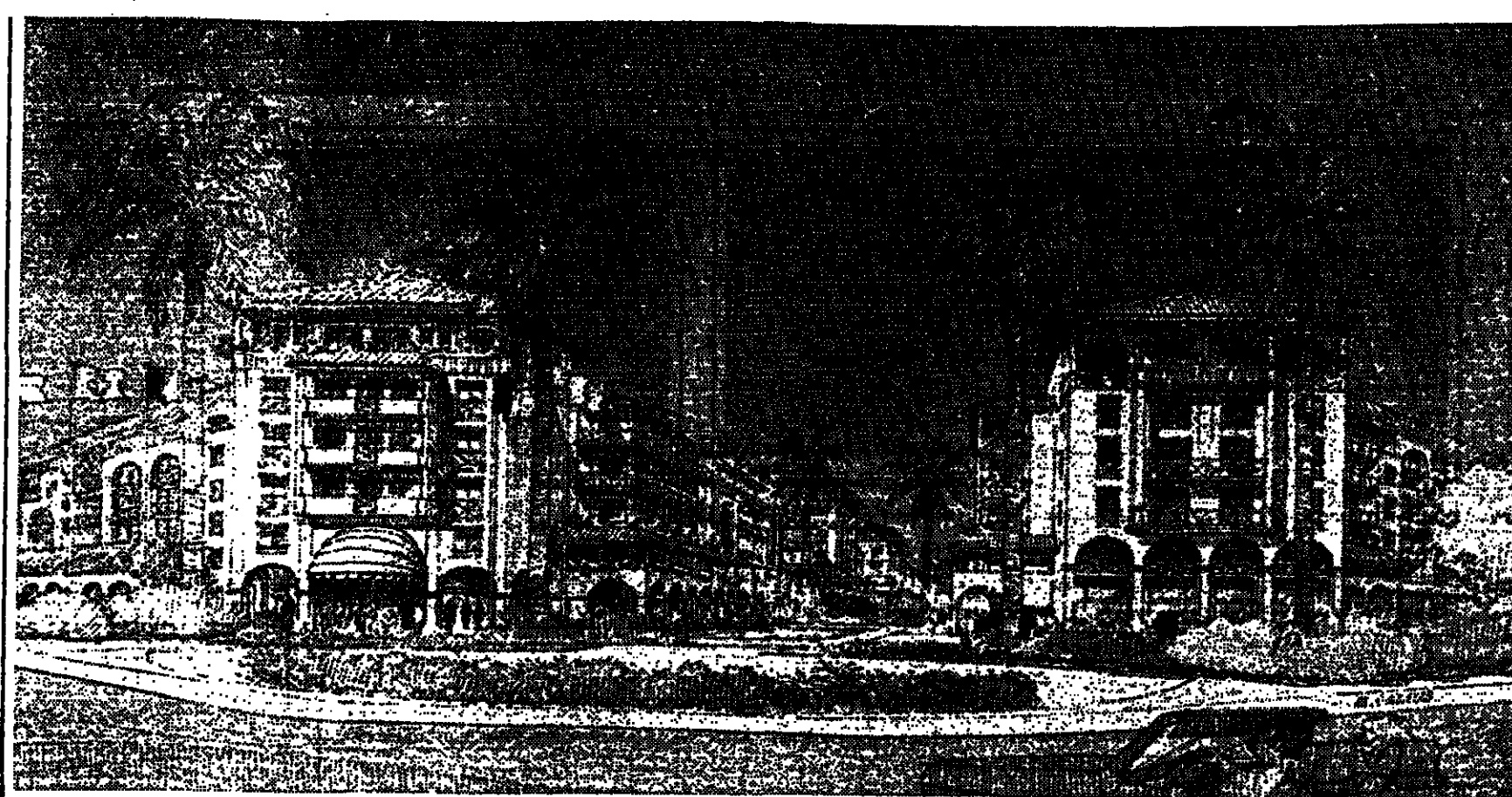
Barratt thinks big on southern schemes

Two more projects are planned near Aix-en-Provence: a large family housing scheme in a village near Aix, and 15 villas, built around a fountain to create a village atmosphere, at Ventabren, a commuter town for Aix.

On the social side, the degree of our acceptance by the locals is perhaps for them rather than us to judge. As the first English to own property within the village walls, we were initially treated with the sort of courteous curiosity that might be accorded Venusians landing - on London's Hampstead Heath. The mayor gave us a well-rehearsed homily on the theme of "what you get out of community life depends on what you put in." However, our experience has been that the most effective



Rural idyll: not without problems in an isolated village



Barratt project: an artist's impression of the new area of Antibes les Pins where about 200 permanent and leisure apartments are being built

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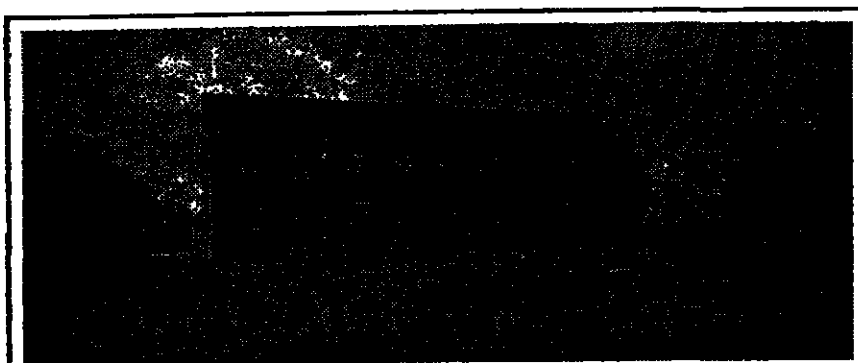
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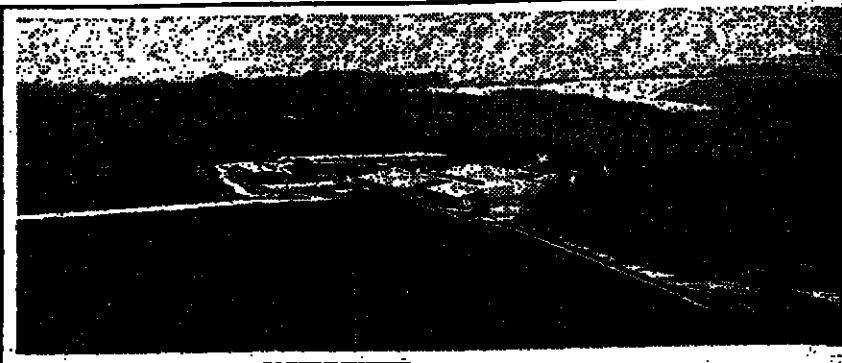
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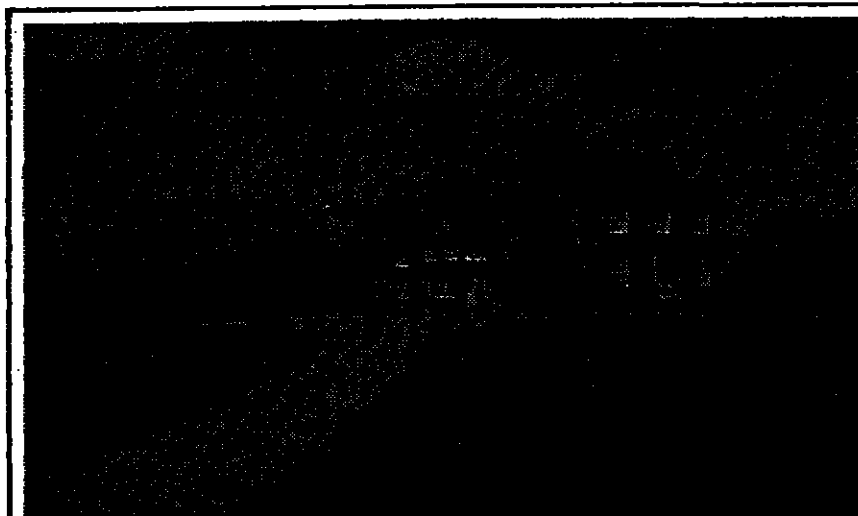
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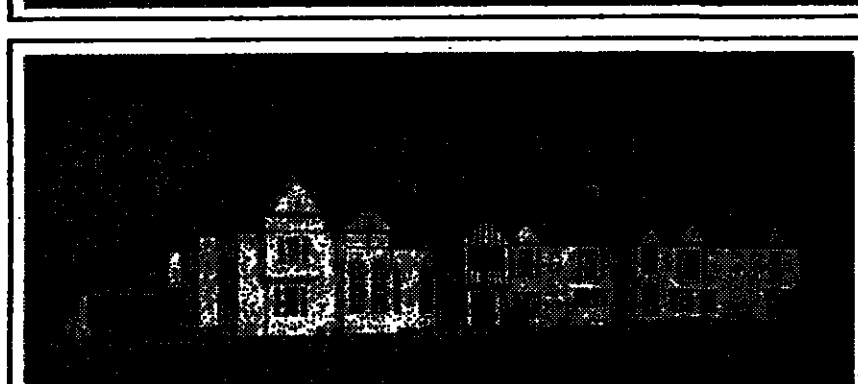
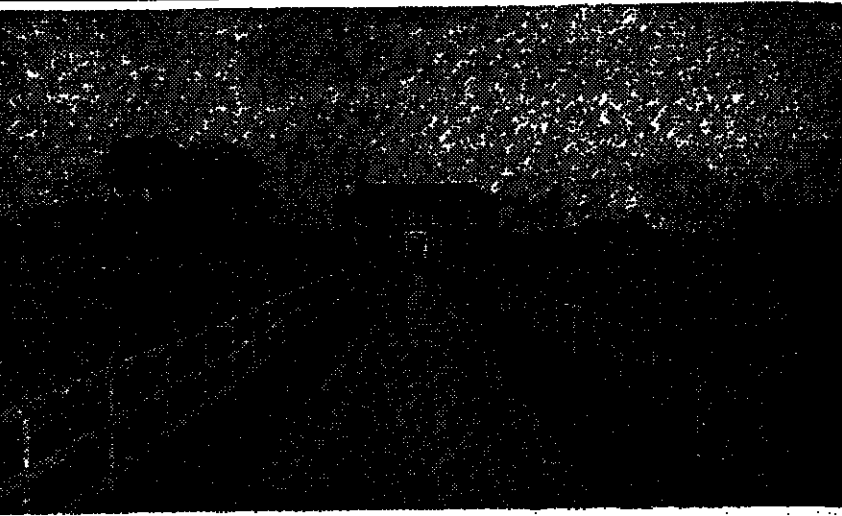
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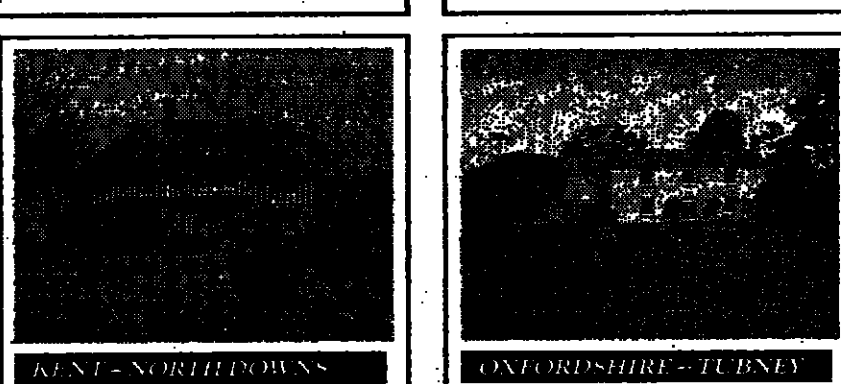
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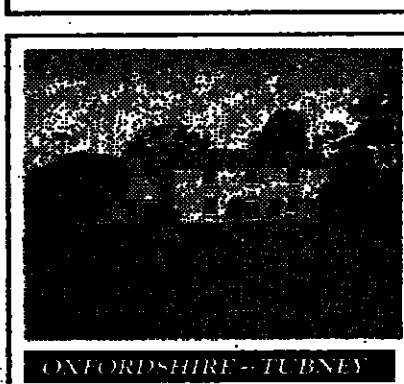
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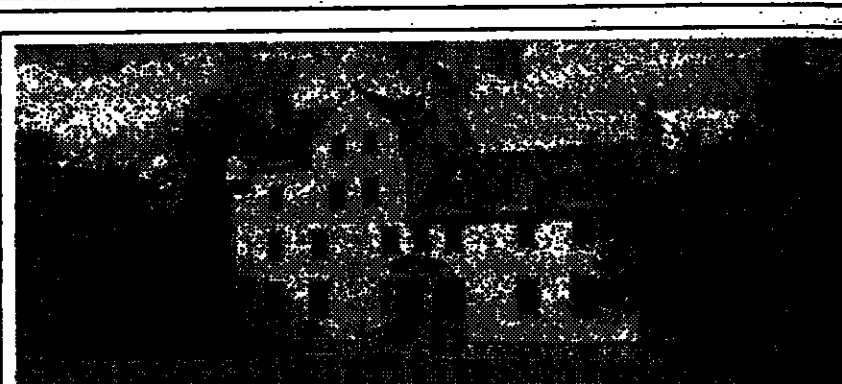
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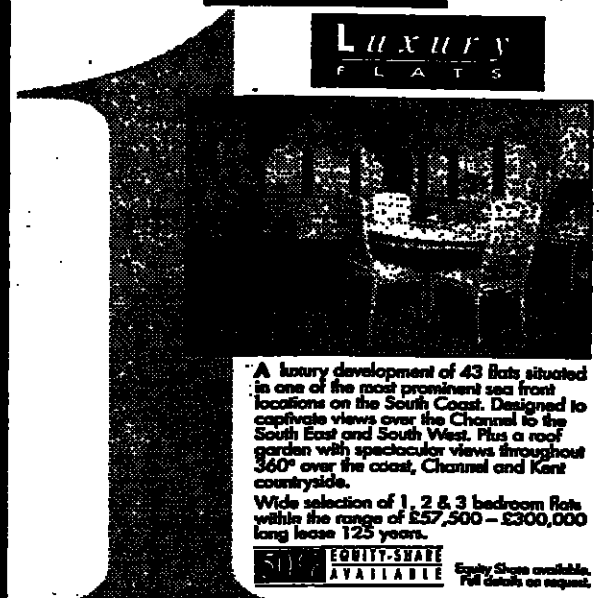
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GARDENING

Pruning: unkindest cuts work best

ALTHOUGH the season for Britain's old-fashioned roses is about to end, I would like to enlarge on the hard pruning techniques, especially for bushes, to which I alluded two weeks ago.

First, which of the old varieties, if any, have a second season? Books and catalogues are widely optimistic. They still list all sorts of old roses as if they are "perpetual" or "recurrent", when most gardeners will find that they are neither. In self-defence, it is argued that much depends on feeding, pruning and the nature of the season. So be it, but you and I want to know which second seasons are significant and dependable. Among old roses, the answer is almost none, unless you include Musk roses and some of the China varieties - the plain old China flowers every month, albeit in a harsh shade of pink.

As a small China rose for any garden, I have come to like the white-flowered Irene Watts which is about two feet high. Elsewhere, I have two particular tips. Among striped roses, the only real hope of a second season lies with *Festina Fiamma*, although you cannot rely on it. Among the pink varieties, the best bets are two varieties on the borders of the Portland and Damask group, *Comte de Chambord* and *Madame de France*, both of which have a fairly dependable, but after seven years' experience with it, I believe that the most reliable of all is the little-known *Jacques Cartier*.

Peter Beales, of Littleborough, Norfolk, sells this admirable pink rose which has quilted heads of flower, like large buttons on a sofa. It stops at about three feet and is an ideal old-fashioned rose for any garden with limited space. It repeats its season in all weather. If it sulks in the autumn you must blame your gardening, not its temper.

Strong views run in my family as for the training and pruning. In the past 15 years my eldest brother has built up a notable garden, including older roses, near New-

bury, Berkshire. There was a time when he looked on his younger brother's early gardening as an eccentricity; not so nowadays. He and I spent an evening looking into the results of his long-term training at the peak of the season, before the week-end's rain spoiled the flowers. We concluded that almost every old-fashioned rose of bush shape is better displayed if it is fixed around a cage of iron rods.

Iron rods are my brother's firm advice. Wooden posts, which I have been using, will eventually rot and cause problems.

You need to run in four iron rods to make a square with sides about three feet

Old roses can be dependable and attractive features, writes Robin Lane Fox

long. They should stand between five feet and seven feet high, depending on the height of the variety of rose. In windy positions you need to fix supporting pegs to the base of the rods to hold them steady.

Some varieties, especially *Isabelan* and *Mme Pierre Oger*, can be trained straight around the frame without wire when the effect is even better. Others which throw out fewer long shoots will need plain wire trained around the rods at intervals to make a cage.

Planting one old rose bush in the middle, you trim the shoots around the iron frame as they develop, tying them in, pulling them down and showing them no mercy at any moment after flowering.

We agreed that the next year's flowers do not suffer if you cut out a few of the excessively long shoots at any season after flowering. The main training and tying take place in the closed winter season. After 15 years, Lane Fox major has made

old roses into a cocoon in which their branches overlap and do all the things which the pruning manuals deplore. Some of them show bare branches on their lower regions but otherwise the results are sensational.

Without supports, old-fashioned roses are usually grown in thickets or allowed to flop. Thickets are all very well - I have started one - but they are hellish for the person who has to weed underneath (any volunteers?), and they do not show the flowers to the best advantage.

In borders, unsupported old roses will let their branches fall sideways on to the ground, so that many of the flowers are spoiled and invisible. The supreme merit of a frame is that it allows every flower to be seen and a single bush can become a spectacle. Training is actually rather fun.

Beyond a certain size, there is no need to untie the past and begin from scratch, picking up years of loose ends. My brother's roses have not been dismantled, except in a very few cases of serious misbehaviour.

Which forms the best? The best of all the pink old roses is *Fantini Labour*, which is the perfect commemoration for the rose's greatest painter. On iron rods, it is particularly beautiful because all the flat open flowers are in view and the branches are not weighed down.

Other excellent favourites include *La Noblesse*, *Junio*, or the big striped *Variegata di Bologna* (which sounds like a female fan from this year's World Cup) My brother has proved there are some even better choices.

We thought *Henri Martin* was among the best of the dark colours. It is not the best-known crimson Moss rose, but it loves life on a frame and has the great virtue of not dying while buds are still opening.

Its effect is not marred by its own dead heads. The expert books on old roses are very unhelpful about this vice, which spoils many others of the dark red forms. I see that Peter Beales is also keen on this

variety. He calls it "well worth growing for the sheer quantity of flowers produced." On an iron frame, you can only agree with him.

Among the pinks, the flat-flowered *La Ville de Bruxelles* is unimaginably prettier than its modern namesake. It has the upright shape which is well suited to the iron rod method.

Among the whites, most interestingly, we picked on *Mme Legras de St Germain* (who could resist a name with that hint of a fat, comfortable marriage in a highly-select urban quarter with plenty of spare time in the afternoon?) What impressed me about this rose was its volume of leaf and flower, right down to the base, after 15 years on a frame. I have always been a fan of this variety, so much so that on her frame I did not recognise her. She has three great virtues: greyish-green leaves; a willingness to climb (try her on a wall) and very few thorns indeed. She is, therefore, a trainer's dream.

One postscript, from Lane Fox junior. You can do the same on a small scale to the best break among modern roses, the yellow-flowered *Graham Thomas* which David Austin, of Wolverhampton, launched a few years ago. You can also do it to *Rose Financial Times*, whose heavy flowers are better on a small climbing frame.

So there you are: a pink, a white, a yellow and a crimson, all for framing and merciless training. I am convinced of one obvious conclusion. We have all been so brainwashed by plantings of twiggish bush roses in large numbers in parks, on roundabouts or in Queen Mary's awful London Rose Garden.

Old roses deserve to be treated as distinguished individuals or as features in a border in their own right. One plant goes a very long way and even if the thorns catch you out in mid-winter, respect their supreme FT virtues, they are much more civilised and a lot cheaper than the roses in other people's public spaces.



Kevin Rush, second gardener at Martin Lane Fox's garden, with some old roses

Self-sown seedlings grab a head start in life

AROW of antirrhinums are growing against my house, tucked into the almost imperceptible crevice between the asphalt surface of the yard and the wall. I did not plant them there, seed from antirrhinums which were growing in a nearby tub last year must have lodged in this well-protected place, germinated and somehow found themselves roofhold.

It must have been difficult because the asphalt is spread over rock, but self-sown seedlings can do this kind of thing since they choose their own time, go their own pace and gradually insinuate themselves into the smallest cracks.

I dare say far more die than live, but that troubles me none since it all happens unnoticed. Weeds, of course, are terribly good at this kind of thing which is why simazine, which prevents seeds germinating, is such a success as a herbicide for paths and paved areas. If I had sprayed my yard once or twice a year with simazine I would have had no antirrhinums to give me unexpected colour. But I never use any seed repressants since I delight in seedlings that turn up of their own accord, even though most of them are worthless and, in the end, have to be destroyed.

However, I usually get quite a lot that I am glad to have. I did not expect the antirrhinums because I would have thought the place too barren for them. I do expect to get quite a few red valerians, as well as the white-flowered variety, because they will luxuriantly grow completely out of touch with the soil - even on top of a stone wall.

Wallflowers are very good at this kind of thing. This is, of course, why they got their popular name. They often survive for years in a stony place where they have become established by self-seeding. In more fertile surroundings they are treated as biennials.

It is always the lush growth that suffers most from cold which is why one must never feed hardy plants with anything containing nitrogen after mid-August. That rule applies even to lawn grass, but phosphates and potash may be useful to help growth become tough and winter hardy.

The antirrhinums which have broken into my asphalt yard will get no assistance except that I shall try to keep them free of competition. With a little bit of luck, they

will still be there next year and maybe the year after that for, although gardeners treat them as if they were annuals, that is only because it is convenient to do so. In these spartan conditions they have chosen for themselves, and with the warmth stored in the house wall and the foundation rock, they will not have to endure anything like as much cold as plants growing in well-cultivated flower beds out in the open.

The common purple buddleia is very good at seeding itself into seemingly impossible places - even into the sides of chalk pits and stone quarries - and there are plenty of smaller plants, such as the stonecrops (*sedum*) and thrifts (*armeria*) that specialise in this

kind of thing. Some self-sown seedlings are so precious that every effort must be made to preserve them. This is why there are some parts of my garden which no-one is allowed to weed but me. Top of this list are hardy cyclamen and lilies of all kinds because this is by far the surest way to get them to establish themselves.

They seem to have a knack of finding the right places in which to germinate. No doubt the prosaic explanation is that only the successful ones survive, but it is pleasant to spin myths about plants seeking out the most favourable places.

What is certain is that some of my best lilies and cyclamen are growing in parts of the garden in which I would never have thought

to plant them: sometimes in places I find a little inconvenient. But in my list of priorities, plants come before design which, of course, is folly to designers.

I once asked a very successful gardener what she did when one of her carefully considered-plant compositions proved unsatisfactory and she replied that she dug up those plants that did not fit and burnt them. I marvelled at her hard-headedness.

Cyclamen and lily seedlings are not too difficult to spot because, although small, they do not look much like anything else. However, one must be on hands and knees to spot them and have nothing more lethal in one's hands than a trowel or a small hoe. Other seedlings can

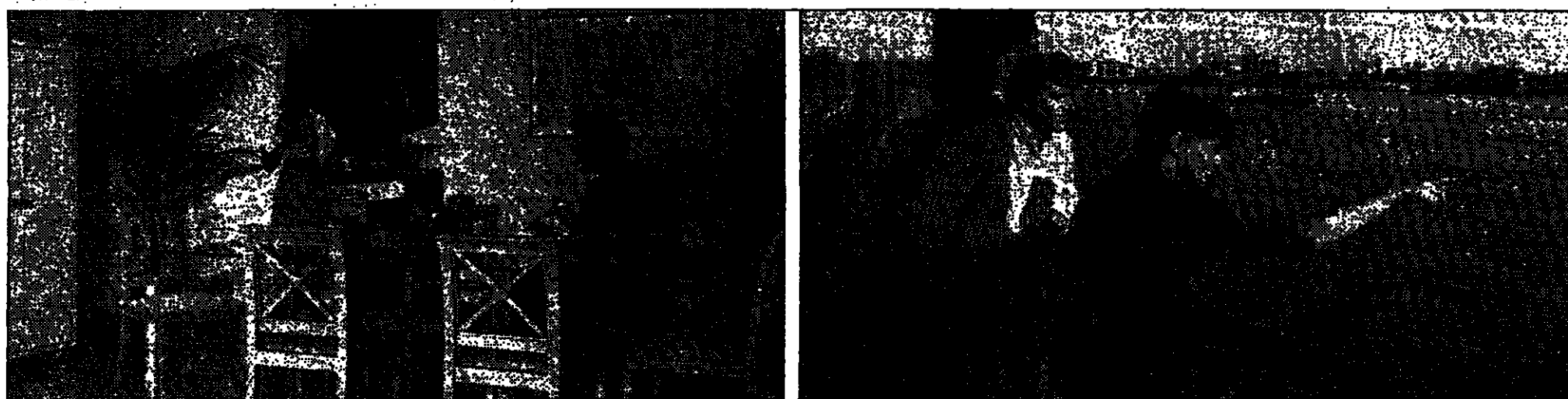
be far more difficult to recognise, and I am constantly debating with myself whether a particular newcomer is a friend or a foe.

I find snowdrops in the early stages difficult to distinguish from some onions. And of course onions themselves, which are legion some beautiful, a few obnoxious - are very difficult to distinguish from each other. I can offer no advice about this. It is like recognising people in a crowd; the more you try to explain the more confusing it gets.

One learns by looking and by waiting if necessary for the seedlings to get bigger and more easily identifiable. But if one is harbouring an enemy, it must be despatched before it gets a chance to fill the garden with another generation of its offspring.

Arthur Hellyer

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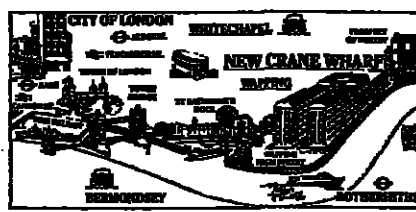
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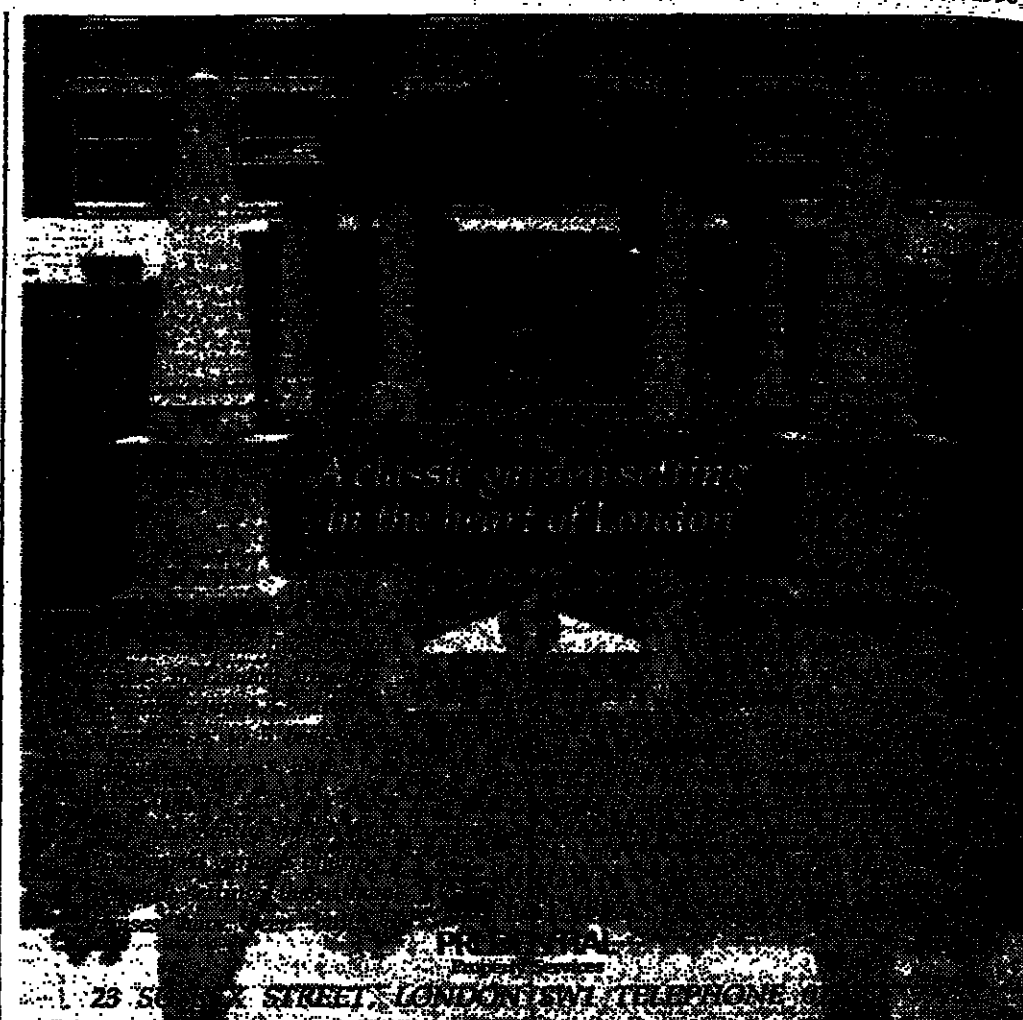
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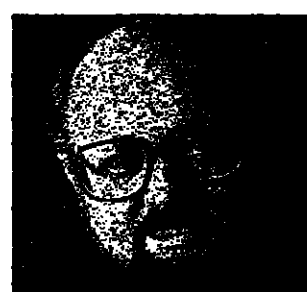


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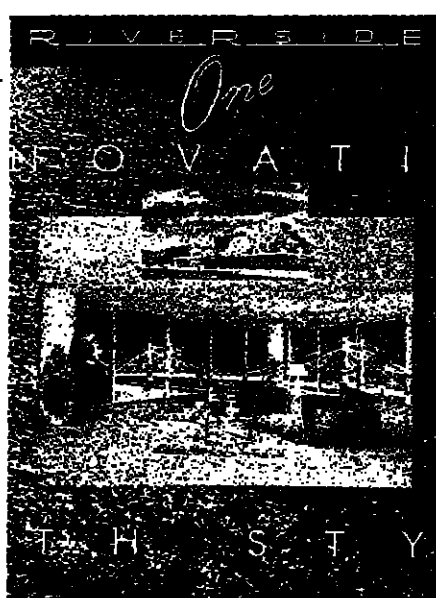
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